

CONDITIONAL SALE AGREEMENT

Dated as of September 1, 1973

between

91095-B
REGISTRATION NO. _____ FILE & RECORD

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INTERSTATE COMMERCE COMMISSION

**PULLMAN INCORPORATED
(Pullman-Standard division)**

and

NORTH AMERICAN CAR CORPORATION

CONDITIONAL SALE AGREEMENT dated as of September 1, 1973, between the corporation named in Item 1 of Annex A hereto (hereinafter called the Vendor or Builder as more particularly set forth in Article 25 hereof) and NORTH AMERICAN CAR CORPORATION (hereinafter called the Vendee).

WHEREAS, the Builder agrees to construct, sell and deliver to the Vendee, and the Vendee agrees to purchase, the railroad equipment described in Annex B hereto (hereinafter called the Equipment) and

WHEREAS, the Vendee has executed a lease of the Equipment, dated June 22, 1973, as amended, to George P. Baker, Richard C. Bond and Jervis Langdon, Jr., Trustees of the property of PENN CENTRAL TRANSPORTATION COMPANY (such Trustees together with their successors and assigns being hereinafter collectively called the Lessee) in substantially the form annexed hereto as Annex D (hereinafter called the Lease);

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Incorporation of Model Provisions. Whenever this Agreement incorporates herein by reference, in whole or in part or as hereby amended, any provision of the document entitled "Model Conditional Sale Provisions for Non-Guaranteed Lease Transactions" annexed to this Agreement as Part I of Annex C hereto (hereinafter called the Model CSA Provisions), such provision of the Model CSA Provisions shall be deemed to be a part of this instrument as fully to all intents and purposes as though such provision had been set forth in full in this Agreement.

ARTICLE 2. Construction and Sale. Article 2 of the Model CSA Provisions is herein incorporated as Article 2 hereof.

ARTICLE 3. Inspection and Delivery. Article 3 of the Model CSA Provisions is hereby amended by deleting the last paragraph thereof and substituting therefor a new last paragraph as follows:

"The Builder shall not have any obligation to deliver any unit of the Equipment hereunder at any time if any event of default (as described in Article 16 hereof), or event which with a lapse of time and/or demand could constitute such an event of default, shall have occurred."

Article 3 of the Model CSA Provisions, as so amended, is herein incorporated as Article 3 hereof.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the Builder and the Vendee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased.

The Equipment shall be settled for in such number of groups of units of the Equipment delivered to and accepted by the Vendee as is specified in Item 2 of Annex A hereto (each such Group being hereinafter called a Group). The term "Closing Date" with respect to the first Group shall mean January 30, 1974 and with respect to the second Group shall mean March 13, 1974, provided that not more than ten business days prior to any Closing Date there has been presentation by the Builder to the Vendee of the invoice and the Certificate or Certificates of Acceptance for such Group and written notice thereof by the Builder to the Vendor. The date April 30, 1974 is herein called the Cut-Off Date. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in Philadelphia, Pennsylvania or New York, New York, are authorized or obligated to remain closed.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) On the Closing Date with respect to each Group (i) an amount equal to 30% of the aggregate Purchase Price of such Group plus (ii) the amount by which (x) 70% of the Purchase Price of all units of the Equipment for which settlement has theretofore and is then being made, as set forth in the invoice or invoices therefor (said invoiced prices being herein called the Invoiced Purchase Prices), exceeds (y) the sum of \$7,000,000 and any amount previously paid or payable with respect to the Invoiced Purchase Prices pursuant to clause (ii) of this subparagraph (a) in respect of the Equipment; and

(b) In 179 consecutive monthly instalments, as hereinafter provided, an amount (hereinafter called the Conditional Sale Indebtedness) equal to the aggregate of the Invoiced Purchase Prices of the units of Equipment in the Group for which settlement is then being made, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph.

The instalments of the Conditional Sale Indebtedness shall be payable on the first day of each month of each year, commencing May 1, 1974, to and including March 1, 1989 (or if any such date is not a business day on the next succeeding business day), each

such date being hereinafter called a Payment Date. The unpaid balance of the Conditional Sale Indebtedness shall bear interest from the Closing Date in respect of which such indebtedness was incurred at the rate of $9 \frac{3}{8}\%$ per annum and such interest shall be payable, to the extent accrued, on May 1, 1974 and on each Payment Date thereafter. The principal amount of Conditional Sale Indebtedness payable on each of the 179 Payment Dates shall be calculated on such a basis that the aggregate of the principal and interest payable on each of such Payment Dates shall be substantially equal and such 179 instalments of principal will completely amortize the Conditional Sale Indebtedness. The Vendee will furnish to the Vendor promptly after the last Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months.

The Vendee will pay interest, to the extent legally enforceable, at the rate of 10% per annum upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof or such lesser amount as shall be legally enforceable, anything herein to the contrary notwithstanding.

All payments provided for in this Agreement shall be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. The Vendee shall not have the privilege of prepaying any portion of the Conditional Sale Indebtedness prior to the date it becomes due, except as provided in Article 7 hereof and except that the Vendee may prepay the total principal amount of Conditional Sale Indebtedness then outstanding, without premium, together with interest accrued thereon, in the event there shall be a Declaration of Default as defined in Article 16 hereof.

The parties hereto contemplate (subject to the limitations set forth in the first paragraph of this Article 4) that the Vendee will furnish that portion of the Purchase Price for the Equipment as is required under subparagraph (a) of the third paragraph of this Article 4 and that an amount equal to the balance of such Purchase Price shall be paid to the Builder by an assignee of the Builder's right, title and interest under this Agreement pursuant to an Agreement and Assignment between the Builder and THE FIRST PENNSYLVANIA BANKING AND TRUST COMPANY, as Agent, (such Agreement and Assignment being hereinafter called the Assignment and such assignee being herein called the Assignee or the Vendor as indicated in Article 25 hereof).

It is agreed that the obligation of the Vendee to pay to the Vendor any amount required to be paid pursuant to the third paragraph of this Article 4 with respect to the Equipment is specifically subject to the fulfillment, on or before the Closing Date in respect of any Group, of the following conditions (any of which may be waived by the Vendee, and payment by the Vendee of the amount specified in subparagraph (a) of the third paragraph of this Article 4 with respect to such Group shall be conclusive evidence that such conditions have been fulfilled or irrevocably waived):

(a) the Assignee shall have paid or caused to have been paid to the Builder the amounts contemplated to be paid by it as provided in the preceding paragraph of this Article 4 and in Section 6 of the Assignment and the documents required by Section 6 of the Assignment shall have been delivered;

(b) no event of default hereunder or Event of Default of the Lessee under the Lease, nor any event which with lapse of time and/or demand provided for herein or in the Lease would constitute such an event of default or Event of Default, shall have occurred and be continuing; and

(c) the Vendee shall have received the opinions of counsel required by Section 5 of the Lease and such other documents as the Vendee may reasonably request.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 16 and 17 hereof), it is understood and agreed by the Vendor that the liability of the Vendee for all payments to be made by it under and pursuant to this Agreement, with the exception only of the payments to be made pursuant to Article 20 hereof and pursuant to subparagraph (a) of the third paragraph of Article 4 hereof, shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment", and such payments shall be made by the Vendee only to the extent that the Vendee or the Assignee shall have actually received sufficient "income or proceeds from the Equipment" to make such payments. Except as provided in the next preceding sentence, the Vendor agrees that the Vendee shall have no personal liability to make any payments under this Agreement whatsoever except from the "income and proceeds from the Equipment" to the extent actually received by the Vendee or the Assignee. In addition, the Vendor agrees that the Vendee (i) makes no representation, and is not responsible for, the due execution, validity, sufficiency or enforceability of the Lease in so far as it relates to the Lessee (or any document relative thereto) or of any of the Lessee's obligations thereunder and (ii) shall not be responsible for the performance by the Lessee of any of its agreements, representations, indemnities, obligations or other undertakings under the Lease; it being understood that as to all such matters the Vendor will look

solely to the Vendor's rights under this Agreement against the Equipment and to the Vendor's rights under the Lease against the Lessee and the Equipment. As used herein the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 16 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Vendee or the Assignee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences (as hereinafter defined in Article 7 hereof) paid for or with respect to the Equipment pursuant to the Lease and (b) any and all payments or proceeds received by the Vendee or the Assignee for or with respect to the Equipment as the result of the sale, lease or other disposition thereof and after deducting all costs and expenses of such sale, lease or other disposition and any and all other payments received by the Vendee or the Vendor under Section 11 of the Lease, and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) as are indefeasibly received by the Vendee or the Assignee and as shall equal the portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on, or within six days after, the date such amounts received by the Vendee or the Assignee were required to be paid to it pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) which were received by the Vendee or the Assignee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on, or within six days after, the date on which amounts with respect thereto received by the Vendee or the Assignee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease. It is further specifically understood and agreed that nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment or the Lessee as provided for herein for the full unpaid Purchase Price of the Equipment and interest thereon and all other payments or obligations hereunder. Notwithstanding anything to the contrary contained in Article 16 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, it will, accordingly, limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph.

ARTICLE 5. Title to the Equipment. Article 5 of the Model CSA Provisions is hereby amended by deleting the period at the end of the first paragraph and substituting therefor the following proviso:

"; provided, however, that anything in this Article 5 to the contrary notwithstanding whatever shall constitute accessions to the Equipment under the Lease shall constitute accessions to the Equipment under this Agreement."

Article 5 of the Model CSA Provisions, as so amended, is herein incorporated as Article 5 hereof.

ARTICLE 6. Taxes. Article 6 of the Model CSA Provisions is hereby incorporated as Article 6 hereof.

ARTICLE 7. Maintenance and Repair; Casualty Occurrences; Insurance. The Vendee agrees that, at its own cost and expense, it will maintain and keep each unit of the Equipment in good order and repair.

In the event that (i) any unit of the Equipment is lost or stolen or is destroyed or damaged beyond economic repair from any cause whatsoever, or (ii) requisitioned, taken over and nationalized by any governmental authority under the power of eminent domain or otherwise (such occurrences being herein called Casualty Occurrences), the Vendee shall, promptly after it shall have determined that such unit has suffered a Casualty Occurrence, by notice to the Vendor cause the Vendor to be fully informed in regard thereto. If the Casualty Occurrence is of a type referred to in clause (i), on the Payment Date next succeeding 35 days after such notice is given, and if the Casualty Occurrence is of a type referred to in clause (ii), on the Payment Date next succeeding 65 days after such notice is given (unless such governmental authority assumes all the obligations of the Lessee under the Lease within 60 days after such notice is given), the Vendee shall pay to the Vendor a sum equal to the Casualty Value (as hereinafter defined in this Article 7) of such unit suffering a Casualty Occurrence as of the date of such payment and shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied to prepay the Conditional Sale Indebtedness and the Vendee will promptly furnish the Vendor a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Assignee may request, calculated as provided in the fourth paragraph of Article 4 hereof.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and

property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument confirming such passage to the Vendee of all the Vendor's right, title and interest in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Purchase Price thereof remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article 7), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of the Purchase Price in respect of Equipment made pursuant to Article 4 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the original Purchase Price of such unit bears to the aggregate original Purchase Price of the Equipment.

The Vendee will direct the Lessee and any insurers of the Equipment to pay over to the Vendor any and all insurance proceeds which the Vendee, as lessor under the Lease, is entitled to receive from the Lessee or such insurers, as the case may be.

It is further understood and agreed that any insurance proceeds received by the Vendor in respect of units suffering a Casualty Occurrence shall be deducted from the amounts payable by the Vendee to the Vendor in respect of Casualty Occurrences pursuant to the second paragraph of this Article 7. If the Vendor shall receive any other insurance proceeds in respect of insurance carried on such units suffering a Casualty Occurrence after the Vendee shall have made payments pursuant to this Article 7 without deduction for such insurance proceeds, the Vendor shall pay such insurance proceeds to the Vendee. All proceeds of insurance received by the Vendor in respect of insurance carried on any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Vendee upon proof satisfactory to the Vendor that any damage to such unit in respect of which such proceeds were paid has been fully repaired.

ARTICLE 8. Assignment of Lease. The Vendee, concurrently with the execution and delivery of this Agreement, is assigning to the Vendor, as security for the payment and performance of all the Vendee's obligations hereunder, a part of all right, title and interest of the Vendee in and to the Lease. The Vendee agrees that the "income and proceeds from the Equipment" (as defined in Article 4 hereof) received by the Vendor may be applied by the Vendor to discharge the obligations of the Vendee hereunder and the Vendor agrees to pay to the Vendee any moneys

paid to the Vendor under the Lease not constituting "income and proceeds from the Equipment".

ARTICLE 9. Reports and Inspections. Article 9 of the Model CSA Provisions is herein incorporated as Article 9 hereof.

ARTICLE 10. Marking of Equipment. Article 10 of the Model CSA Provisions is herein incorporated as Article 10 hereof, except that nothing contained in such Section 10 shall prevent the Vendee from allowing the Equipment to be lettered with its name, initials or other insignia.

ARTICLE 11. Compliance with Laws and Rules. Article 11 of the Model CSA Provisions is herein incorporated as Article 11 hereof.

ARTICLE 12. Possession and Use. Article 12 of the Model CSA Provisions is herein incorporated as Article 12 hereof.

ARTICLE 13. Prohibition Against Liens. Article 13 of the Model CSA Provisions is herein incorporated as Article 13 hereof.

ARTICLE 14. Indemnities and Warranties. Article 14 of the Model CSA Provisions is herein incorporated as part of Article 14 hereof. The agreement of the parties relating to the Builder's warranty of material and workmanship and the agreement of the parties relating to patent indemnification contained in Items 3 and 4 of Annex A hereto are herein incorporated as part of Article 14 hereof.

ARTICLE 15. Assignments. Article 15 of the Model CSA Provisions is herein incorporated as Article 15 hereof.

ARTICLE 16. Defaults. Article 16 of the Model CSA Provisions is hereby amended as follows:

(a) Subparagraph (a) of the first paragraph is hereby amended by deleting the phrase "15 days" and substituting therefor the phrase "10 days".

(b) Subparagraph (e) of the first paragraph is hereby amended in its entirety to read:

"(e) An Event of Default, as defined in paragraph (c) of Section 11 of the Lease, shall occur and shall not be remedied within the time period specified;"

Article 16 of the Model CSA Provisions, as so amended, is herein incorporated as Article 16 hereof.

ARTICLE 17. Remedies. Article 17 of the Model CSA Provisions is herein incorporated as Article 17 hereof.

ARTICLE 18. Applicable State Laws. Article 18 of the Model CSA Provisions is herein incorporated as Article 18 hereof.

ARTICLE 19. Recording. Article 19 of the Model CSA Provisions is herein incorporated as Article 19 hereof.

ARTICLE 20. Payment of Expenses. Article 20 of the Model CSA Provisions is herein incorporated as Article 20 hereof.

ARTICLE 21. Article Headings; Effect and Modification of Agreement. Article 21 of the Model CSA Provisions is herein incorporated as Article 21 hereof.

ARTICLE 22. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it at its chief place of business at the following specified addresses:

(a) to the Vendee, at 222 South Riverside Plaza, Chicago, Illinois 60606,

(b) to the Vendor, at the address set forth in Item 1 of Annex A hereto,

(c) to any assignee of the Vendor or of the Vendee at such address as may have been furnished in writing to the Vendee or the Vendor, as the case may be, by such assignee,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 23. Immunities; Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, past, present or future, of the Vendee or the Builder (or Vendor), whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers being forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Vendee under the first paragraph of Article 7, the last paragraph of Article 15 and the second paragraph of Article 17 and under Articles 6, 9, 10, 11, 13, 14 and 19 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such undertakings, but if the same shall not be performed they shall constitute the basis for an event of default hereunder

pursuant to Article 16 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

ARTICLE 24. Law Governing. Article 24 of the Model CSA Provisions is herein incorporated as part of Article 24 hereof; the term "Selected Jurisdiction" as used therein shall mean the State of Illinois, and the Vendee warrants that its chief place of business is in the State of Illinois.

ARTICLE 25. Definitions. Article 25 of the Model CSA Provisions is herein incorporated as Article 25 hereof.

ARTICLE 26. Execution. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated as of September 1, 1973, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.

PULLMAN INCORPORATED
(Pullman-Standard division),

[CORPORATE SEAL]

by 
Vice President

Attest:


Assistant Secretary


NORTH AMERICAN CAR CORPORATION,

[CORPORATE SEAL]

by


Vice President

Attest:


Assistant Secretary

STATE OF ILLINOIS

ss.:

COUNTY OF COOK

On this 8th day of OCTOBER, 1973, before me personally appeared R. E. ROBINSON, to me personally known, who, being by me duly sworn, says that he is a Vice President of PULLMAN INCORPORATED (Pullman-Standard division), that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Elizabeth Cameron
Notary Public

[NOTARIAL SEAL]

My Commission expires May 1 - 1975.

STATE OF ILLINOIS

ss.:

COUNTY OF COOK

On this 5th day of October, 1973, before me personally appeared Walter C. Vande, to me personally known, who, being by me duly sworn, says that he is a Vice President of NORTH AMERICAN CAR CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Walter C. Vande
Notary Public

[NOTARIAL SEAL]

My Commission expires

Notary Public State of Illinois
My Commission Expires Dec. 13, 1975

ANNEX A

- Item 1: Pullman Incorporated (Pullman-Standard Division), a Delaware corporation, 200 South Michigan Avenue, Chicago, Illinois 60604.
- Item 2: The Equipment shall be settled for in not more than two Groups of units of the Equipment delivered to and accepted by the Vendee.
- Item 3: The Builder warrants that the Equipment will be built in accordance with the requirements specifications and standards set forth in Article 2 of the Conditional Sale Agreement to which this Annex A is attached (hereinafter called the Agreement) and warrants the Equipment will be free from defects in material (except as to specialties incorporated therein which were specified or supplied by the Vendee and not manufactured by the Builder) and workmanship under normal use and service, the Builder's obligation under this Item 3 being limited to making good at its factory any part or parts of any unit of the Equipment which shall be returned to the Builder with transportation charges prepaid, within one year after the delivery of such unit to the Vendee, and which the Builder's examination shall disclose to its satisfaction to have been thus defective. The foregoing warranty of the Builder is expressly in lieu of all other warranties, express or implied, including any implied warranty of merchantability or fitness for a particular purpose, and of all other obligations or liabilities on the part of the Builder, except for its obligations under Articles 2, 3 and 14 of the Agreement, and the Builder neither assumes nor authorizes any person to assume for it any other liability in connection with the construction and delivery of the Equipment, except as aforesaid. It is further understood and agreed that in no event shall the Builder be liable for indirect or consequential damages of any kind.

The Builder further agrees with the Vendee that neither the inspection as provided in Article 3 of the Agreement nor any examination nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Vendee of any of its rights under this Item 3.

- Item 4: Except in cases of articles or materials specified by the Vendee and not manufactured by the Builder and in cases of designs, systems, processes, formulae or combinations specified by the Vendee and not developed or purported to be developed by the Builder, the Builder agrees to indemnify, protect and hold harmless the

Vendee from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Vendee, its assigns or the users of the Equipment because of the use in or about the construction or operation of any of the Equipment of any design, system, process, formula, combination, article or material which infringes or is claimed to infringe on any patent or other right. The Builder agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, assign, set over and deliver to the Vendee every claim, right and cause of action which the Builder has or hereafter shall have against the seller or sellers of any designs, systems, processes, formulae, combinations, articles or materials specified by the Vendee and purchased or otherwise acquired by the Builder for use in or about the construction or operation of any of the Equipment, on the ground that any such design, system, process, formula, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right. The Builder further agrees to execute and deliver to the Vendee or the users of the Equipment all and every such further assurance as may be reasonably requested by the Vendee more fully to effectuate the assignment and delivery of every such claim, right and cause of action. The Builder will give notice to the Vendee of any claim known to the Builder from which liability may be charged against the Vendee hereunder and the Vendee will give notice to the Builder of any claim known to the Vendee from which liability may be charged against the Builder hereunder. Such covenants of indemnity shall continue in full force and effect notwithstanding the full payment of all sums due under the Agreement, the satisfaction and discharge of the Agreement or the termination of the Agreement in any manner.

ANNEX B

<u>Quantity</u>	<u>Description of Units</u>	<u>Lessee's Road Numbers (inclusive)</u>	<u>Builder's Specifications</u>	<u>Builder's Plant</u>	<u>Base Price Per Unit</u>	<u>Estimated Time and Place of Delivery*</u>
158	60'9" 100-ton box cars with cushion underframe, 21 DF-1 belt rails	PC 281400- 281557	3175	Bessemer, Alabama	\$25,446.84	January- March 1974
27	60'9" 100-ton box cars with cushion underframe 9 DF-1 belt rails	PC 281602 281628	3175	Bessemer, Alabama	24,421.84	January- March 1974
32	60'9" 100-ton box cars with cushion underframe, portable adjustment bulkhead, 4 rub rails	PC 220225- 220256	3175	Bessemer, Alabama	25,293.84	January- March 1974
235	100-ton 4750 cubic foot covered hopper cars	PC 890501- 890735	3164	Butler, Pennsylvania	19,201.25	January- March 1974

* The place of delivery is the Builder's plant or such other place as specified in the Lease.

MODEL PROVISIONS

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|---------|----|---|
| PART I | -- | MODEL CONDITIONAL SALE PROVISIONS
FOR NON-GUARANTEED LEASE
TRANSACTIONS |
| PART II | -- | MODEL ASSIGNMENT PROVISIONS FOR
NON-GUARANTEED LEASE
TRANSACTIONS |

MODEL CONDITIONAL SALE PROVISIONS FOR
NON-GUARANTEED LEASE TRANSACTIONS

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, the Builder shall construct the Equipment at its plant set forth in Annex B hereto, and will sell and deliver to the Vendee, and the Vendee will purchase from the Builder and accept delivery of and pay for (as hereinafter provided), the Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing between the Builder, the Vendee and the Lessee (which specifications and modifications, if any, are hereinafter called the Specifications). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture of each thereof, to all Department of Transportation and Interstate Commerce Commission requirements and specifications for new equipment and to all standards recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such units of the Equipment, and each unit of the Equipment (except to the extent, if any, referred to in Annex A hereto and/or Article 7 hereof) will be new railroad equipment.

ARTICLE 3. Inspection and Delivery. The Builder will deliver the units of the Equipment to the Vendee at the place or places within the United States of America specified in Annex B hereto (or if Annex B does not specify a place or places, at the place or places within the United States of America designated from time to time by the Vendee), freight charges, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto.

The Builder's obligation as to time of delivery is subject, however, to delays resulting from causes beyond the Builder's reasonable control, including but not limited to acts of God, acts of governments such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

Notwithstanding the preceding provisions of this Article 3, any Equipment not delivered, accepted and settled for pursuant to Article 4 hereof on or before the Cut-Off Date (as defined therein) shall be excluded herefrom. If any Equipment shall be excluded from this Agreement pursuant to the immediately preceding sentence, the parties to this Agreement

shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees of the Lessee) and the Builder shall grant to such authorized inspectors reasonable access to its plant. The Builder agrees to inspect all materials used in the construction of the Equipment in accordance with the standard quality control practices of the Builder. Upon completion of each unit or of a number of units of the Equipment, such unit or units shall be presented to an inspector of the Vendee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee of the Lessee) shall execute and deliver to the Builder a certificate of acceptance (hereinafter called the Certificate of Acceptance) stating that such unit or units have been inspected and accepted on behalf of the Vendee on the date of such Certificate of Acceptance and are marked in accordance with Article 10 hereof; provided, however, that the Builder shall not thereby be relieved of its warranties set forth or referred to in Article 14 hereof.

On delivery of each such unit hereunder at the place specified for delivery, the Builder shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that the Builder shall not thereby be relieved of its warranties set forth or referred to in Article 14 hereof.

The Builder shall have no obligation to deliver any unit of Equipment hereunder at any time while an event of default or Event of Default, as the case may be, or any event which with the lapse of time and/or demand would constitute an event of default or Event of Default, shall be subsisting under this Agreement or the Lease, as the case may be, nor after the occurrence of any event specified in clause (c) of Article 16 hereof or in clause D or E under "Events of Default" in the Lease, whether or not such event is continuing and regardless of the occurrence of any assumption or other event specified in any such clause.

ARTICLE 5. Title to the Equipment. The Vendor shall and hereby does retain the full security title to and property in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee

and the Lessee as provided in this Agreement. Any and all additions to the Equipment (except, in the case of any unit of the Equipment which is a locomotive, communications, signal and automatic control equipment or devices having a similar use which have been added to such unit by the Lessee, the cost of which is not included in the Purchase Price of such unit and which are not required for the operation or use of such unit by the Interstate Commerce Commission, the Department of Transportation or any other applicable regulatory body), and any and all parts installed on and additions and replacements made to any unit of the Equipment shall constitute accessions to the Equipment and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with interest and all other payments as herein provided, and all the Vendee's obligations herein contained shall have been performed, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or action on the part of the Vendor. However, the Vendor, if so requested by the Vendee at that time, will (a) execute a bill or bills of sale for the Equipment transferring its title thereto and property therein to the Vendee, or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee at its address referred to in Article 22 hereof and (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to the Equipment. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments or to file such certificate within a reasonable time after written demand by the Vendee.

ARTICLE 6. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, federal or foreign taxes (other than net income taxes, gross receipts taxes [except gross receipts taxes in the nature of or in

lieu of sales, use or rental taxes), franchise taxes measured by net income based upon such receipts, excess profits taxes and similar taxes) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions) hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which impositions the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof or upon the earnings arising therefrom or upon the Vendor solely by reason of its ownership thereof and will keep at all times all and every part of the Equipment free and clear of all impositions which might in any way affect the title of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the title, property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Vendee shall have approved the payment thereof.

ARTICLE 9. Reports and Inspections. On or before March 31 in each year, commencing with the calendar year which begins after the expiration of 120 days from the date of this Agreement, the Vendee shall cause to be furnished to the Vendor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) and such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the

period covered by such statement, the numbers and markings required by Article 10 hereof have been preserved or replaced.

ARTICLE 10. Marking of Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Annex B hereto, or, in the case of Equipment not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the name of the Vendor followed by the words "Agent, Security Owner" or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's title to and property in the Equipment and its rights under this Agreement. The Vendee will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such name and words shall have been so marked on both sides thereof and will replace or will cause to be replaced promptly any such name and words which may be removed, defaced or destroyed. The Vendee will not permit the identifying number of any unit of the Equipment to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Vendor and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Vendee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Vendee may allow the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of the rights of the Lessee or its affiliates to use the Equipment as permitted under the Lease.

ARTICLE 11. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the

jurisdictions in which its or such lessees' operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration of any unit of the Equipment, or in the event that any equipment or appliance on any such unit shall be required to be changed or replaced, or in the event that any additional or other equipment or appliance is required to be installed on any such unit in order to comply with such laws or rules, the Vendee will make such alterations, changes, replacements and additions at its own expense; provided, however, that the Vendee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 12. Possession and Use. The Vendee, so long as it shall not be in default under this Agreement, shall be entitled, from and after delivery of the Equipment by the Builder to the Vendee, to the possession of the Equipment and the use thereof, but only upon and subject to all the terms and conditions of this Agreement.

The Vendee may lease the Equipment to the Lessee as permitted by, and for use as provided in, the Lease, but the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement; provided, however, that so long as the Lessee shall not be in default under the Lease, the Lessee shall be entitled to the possession and use of the Equipment.

So long as an event of default specified in Article 16 hereof shall not have occurred and be continuing, the Vendee shall be entitled to the possession and use of the Equipment, and the Equipment may be used upon the lines of railroad owned or operated by the Lessee or any affiliate of the Lessee (or any other railroad company approved by the Vendor), or upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights, or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract, and the Equipment may be used upon connecting and other carriers in the usual interchange

of traffic, but only upon and subject to all the terms and conditions of this Agreement; provided, however, that the Vendee shall not assign or permit the assignment of any unit of the Equipment to service involving the regular operation and maintenance thereof outside the United States of America. The Vendee may also lease the Equipment to any other company with the prior written consent of the Vendor; provided, however, that (i) such lease shall provide that the rights of such lessee are made expressly subordinate to the rights and remedies of the Vendor under this Agreement, (ii) such lessee shall expressly agree not to assign or permit the assignment of any unit of the Equipment to service involving the regular operation and maintenance thereof outside the United States of America and (iii) a copy of such lease shall be furnished to the Vendor.

ARTICLE 13. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge, security interest or other encumbrance upon or with respect to the Equipment, or any part thereof, or the interest of the Vendor therein, equal or superior to the Vendor's title thereto or property therein, and will promptly discharge any such lien, charge, security interest or other encumbrance which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect the property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

ARTICLE 14. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including but not limited to reasonable counsel fees and expenses, penalties and

interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of title to the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any accident, in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period when title thereto remains in the Vendor or the transfer of title to the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except however, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort, breach of warranty or failure to perform any covenant hereunder by the Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the conveyance of security title to, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

The Vendee will bear the responsibility for and risk of and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit of or all the Equipment.

ARTICLE 15. Assignments. The Vendee will not (a) except as provided in Article 12 hereof, transfer the right to possession of any unit of the Equipment or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement unless such sale, assignment, transfer or disposition (i) is made expressly subject in all respects to the rights and remedies of the Vendor hereunder and (ii) provides that the Vendee shall remain liable for all the obligations of the Vendee under this Agreement.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to construct and deliver the Equipment in accordance herewith or to respond to its warranties and indemnities contained or referred to in Article 14 hereof, or relieve the Vendee of its obligations to the Builder contained or referred to in Articles 2, 3, 4, 6, 8 and 14 hereof and this Article 15, or any other obligation which, according to its terms and context, is intended to survive an assignment.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that it is the custom of railroad equipment manufacturers or sellers to assign agreements of this character and understands that the assignment of this Agreement, or of some of or all the rights of the Vendor hereunder, is contemplated. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that in the event of such assignment by the Vendor as hereinbefore provided, the rights of such assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned, together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of the Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee by the Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee against and only against the Builder.

In the event of any such assignment or successive assignments by the Vendor of title to the Equipment and of the Vendor's rights hereunder with respect thereto, the Vendee will, whenever requested by the assignee, change the markings on each side of each unit of the Equipment so as to indicate the title of such assignee to the Equipment, such markings to be specified by such assignee, subject to any requirements of the laws of the jurisdictions in which the equipment shall be

operated. The cost of such markings in the event of an assignment of not less than all the Equipment at the time covered by this Agreement shall be borne by the Vendee and, in the event of an assignment of less than all such Equipment, such cost shall be borne by such assignee.

ARTICLE 16. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) The Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of any provision of this Agreement limiting the liability of the Vendee) and such default shall continue for 15 days; or

(b) The Vendee shall, for more than 30 days after the Vendor shall have demanded in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) Any proceeding shall be commenced by or against the Vendee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions, and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Vendee under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Vendee or for its property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(d) The Vendee shall make or suffer any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment; or

(e) An Event of Default as defined in the Lease shall occur;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) subject to the rights of the Lessee set forth in Article 12 hereof, cause the Lease immediately upon such notice to terminate and/or (ii) declare (hereinafter called a Declaration of Default) the entire unpaid indebtedness in respect of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Vendee wherever situated. The Vendee shall promptly notify the Vendor of any event which has come to its attention which constitutes, or with the giving of notice and/or lapse of time would constitute, an event of default under this Agreement.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 17. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, subject to the rights of the Lessee set forth in Article 12 hereof, and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 17 expressly provided, and may remove the same from possession and use of the Vendee, the Lessee or any other person and for such purpose may enter upon the premises of the Vendee or the Lessee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee or the Lessee, with or without process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points on the lines or premises of the Lessee for the delivery of the Equipment to the Vendor, the Vendee will (subject to the rights of the Lessee set forth in Article 12 hereof), at its own expense, forthwith and in the usual manner, cause the Equipment to be moved to such point or points and shall there deliver the Equipment or cause it to be delivered to the Vendor. At the option of the Vendor, the Vendor may keep the Equipment on any of the lines or premises of the Lessee until the Vendor shall have leased, sold or otherwise disposed of the same, and for such purpose the Vendee agrees to cause to be furnished, without charge for rent or storage, the necessary facilities at any point or points selected by the Vendor. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree against the Vendee requiring specific performance hereof. The Vendee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 17 provided) may, at its election and upon such notice as is hereinafter set forth,

retain the Equipment in satisfaction of the entire indebtedness in respect of the Purchase Price of the Equipment and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee by telegram or registered mail, addressed as provided in Article 22 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor should elect to retain the Equipment and no objection is made thereto within the 30-day period described in the second proviso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee; provided, further, that if the Vendee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall have given no notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 17.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon reasonable notice to the Vendee and any other persons to whom the law may require notice of the time and place, may, subject to the rights of the Lessee set forth in Article 12 hereof, sell the Equipment, or one or more of the units thereof, free from any and all claims of the Vendee or any other party claiming from, through or under the Vendee at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of

the total unpaid balance of the indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other disposition, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine. The Vendee shall be given written notice of such sale not less than ten days prior thereto, by telegram or registered mail addressed as provided in Article 22 hereof. If such sale shall be a private sale, it shall be subject to the rights of the Vendee to purchase or provide a purchaser, within ten days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. The Vendor may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. In the event that the Vendor shall be the purchaser thereof, it shall not be accountable to the Vendee (except to the extent of surplus money received as hereinafter provided in this Article 17), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall

be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee or the Lessee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall pay the amount of such deficiency to the Vendor upon demand, and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Article 17 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 18. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived they are hereby waived by the Vendee to the full extent permitted

by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 19. Recording. Prior to the delivery and acceptance of any Unit of the Equipment, the Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded in accordance with Section 20c of the Interstate Commerce Act; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its title to the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Vendee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 20. Payment of Expenses. The Vendee will pay all reasonable costs and expenses (other than the fees and expenses of counsel for the Builder) incident to this Agreement and the first assignment of this Agreement (including the fees and expenses of an agent, if the first assignee is an agent), and any instrument supplemental or related hereto or thereto, including all fees and expenses of counsel for the first assignee of the Agreement and for any party acquiring interests in such first assignment, and all reasonable costs and expenses in connection with the transfer by any party of interests acquired in such first assignment.

ARTICLE 21. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

This Agreement, including the annexes and schedules hereto, exclusively and completely states the rights of the Vendor and the Vendee with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Vendee.

ARTICLE 24. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the Selected Jurisdiction; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 25. Definitions. The term "Vendor", whenever used in this Agreement, means, before any assignment of any of its rights hereunder, the party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business.

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RECORDATION NO. 177 811

Annex D

JUL 13 1973 12 00 PM

THIS LEASE OF RAILROAD EQUIPMENT, dated June 22, 1973, between NORTH AMERICAN CAR CORPORATION, a corporation of the State of Delaware, (hereinafter called "Lessor"), and GEORGE P. BAKER, RICHARD C. BOND and JERVIS LANGDON, JR., Trustees of the property of PENN CENTRAL TRANSPORTATION COMPANY, Debtor, (hereinafter called the "Railroad"), and the successors of said Trustees, or of any of them, (hereinafter called "Lessees"),

WITNESSETH:

WHEREAS, Pullman, Incorporated (hereinafter called "Manufacturer"), has agreed to manufacture, sell and deliver and Lessor or a purchaser (herein "Owner") designated by Lessor who will in turn lease the Cars to Lessor who in such case will be a sub-lessor hereunder, has agreed to purchase and pay for the freight cars (hereinafter called the "Cars") which are identified in Exhibit A attached hereto; and

WHEREAS, the Cars are to be manufactured in accordance with the specifications approved by Lessees, and Lessor (such specifications being hereinafter called the "Specifications"); and

WHEREAS, the terms and provisions contained in this Lease constitute the only understanding, oral or written, between Lessor and Lessees relating to the Cars; and

WHEREAS, the aforesaid George P. Baker, Richard C. Bond and Jervis Langdon, Jr. have been duly appointed Trustees of the property of the Railroad by an order of the United States District Court for the Eastern District of Pennsylvania (hereinafter called the "Court") in a proceeding under Section 77 of the Bankruptcy Act entitled "In the Matter of Penn Central Transportation Company, Debtor, No. 70-347", and said appointment has been duly ratified by an order of the Interstate Commerce Commission, and said Trustees have duly qualified as such and are now in possession of and operating the property of the Railroad pursuant to the provisions and directions contained in orders of said Court; and

WHEREAS, by an order of said Court dated June 4, 1973, the form and terms of this Lease were approved by said Court in substantially the present form hercof, and Lessees were duly

authorized to execute and deliver this Lease, and to comply with all the provisions hereof.

NOW THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by Lessees, Lessor hereby leases the Cars to Lessees and Lessees hereby hire the Cars from the Lessor upon the following terms and conditions:

SECTION 1. DELIVERY AND ACCEPTANCE OF CARS. During the manufacture of each Car the Lessees will cause the materials and other components which are to be incorporated in, and the construction of, such Car to be inspected by their authorized representative at Manufacturer's Butler, Pennsylvania and Bessemer, Alabama plants. Promptly after completion of manufacture thereof Lessor will require the Manufacturer to cause such Car to be tendered to Lessor and Lessees on behalf of Lessor at Lessees option either at Manufacturer's plants at Butler, Pennsylvania and Bessemer, Alabama, or if Lessees pay the cost of transportation at such other point as may be designated by Lessees. Such transportation shall not be at Lessor's risk. Upon such tender Lessees will forthwith cause such Car to be further inspected by the authorized representative referred to above and, if such Car complies fully with the Specifications and is in good order and ready for service, Lessees will cause such representative to execute and deliver to Lessor and to the Manufacturer a Certificate of Inspection and Acceptance, substantially in the form hereto attached as Exhibit B, whereupon such Car shall be deemed to have been delivered to and accepted by Lessees, and shall be subject thereafter to all the terms and conditions of this Lease, provided, however, that no Certificate of Inspection and Acceptance shall diminish or otherwise affect the obligations of Manufacturer under its warranty agreement with the Lessor and Lessees.

In the event that less than all of the Cars are delivered and accepted under the terms of this Lease, then concurrently with the delivery and acceptance of the last Car so delivered and accepted, Lessees will cause to be executed and delivered to Lessor a supplement to this Lease, in substantially the form attached hereto as Exhibit C.

At all times during the continuance of this Lease title to the Cars shall be vested in Lessor or Owner to the exclusion of Lessees, and any rights of Lessees in respect of the Cars shall constitute a leasehold interest only.

Unless otherwise agreed between Lessor and Lessees, this Lease shall not be effective as to any cars not delivered and accepted on or before April 30, 1974 (hereinafter called "Cutoff Date").

Lessees shall hold Lessor harmless from all costs and expenses relating to the transportation and storage of the Cars charged to the Lessor after their completion by the Manufacturer prior to the acceptance of the Cars under the terms of the Lease.

SECTION 2. TERM OF THE LEASE. The initial term of this Lease, (hereinafter called the "Initial Term"), as to each Car shall commence on the date of delivery to Lessees specified in the Certificate of Inspection and Acceptance for such Car and, subject to the provisions of Sections 9 and 11 hereof, shall terminate on the day, (hereinafter called the "Initial Term Terminal Day"), preceding the fifteenth anniversary of the Average Date of Acceptance, as hereinafter defined in this Section 2. The term of this Lease shall expire on the Initial Term Terminal Day unless Lessees exercise either or both of their rights and options to extend the term of this Lease as hereinafter provided in this Section 2.

Unless an Event of Default under Section 11 hereof shall have occurred and be continuing, Lessees shall have the right and option, by written notice given to Lessor not less than one hundred eighty (180) days prior to the Initial Term Terminal Day, to extend, subject to the provisions of Section 9 hereof, the term of this Lease with respect to the Cars then subject to this Lease for an additional period of five (5) years, (hereinafter called the "First Extended Term"), commencing on the fifteenth anniversary of the Average Date of Acceptance, as hereinafter defined in this Section 2, and ending on the day, (hereinafter called the "First Extended Term Terminal Day"), preceding the twentieth anniversary of the Average Date of Acceptance, as hereinafter defined in this Section 2.

Unless an Event of Default under Section 11 hereof shall have occurred and be continuing, Lessees shall have the right and option, by written notice given to Lessor not less than one hundred eighty (180) days prior to the First Extended Term Terminal Day, to further extend, subject to the provisions of Section 9 hereof, the term of this Lease with respect to the Cars then subject to this Lease for an additional period of five (5) years, (hereinafter called the "Second Extended Term"), commencing

on the twentieth anniversary of the Average Date of Acceptance, as hereinafter defined in this Section 2, and ending on the day, (hereinafter called the "Second Extended Term Terminal Day"), preceding the twenty-fifth anniversary of the Average Date of Acceptance, as hereinafter defined in this Section 2.

In the event that Lessees exercise either or both of such rights and options to extend the term of this Lease, the provisions of Sections 4(a), 7, 8, 9, 10, 11, 12, 13 and 15 hereof shall be applicable during the Initial Term and such extended term of this Lease.

From and after the date of execution hereof until the expiration or termination of the Initial Term or any extension thereof, as to any Car as set forth in this Section, this Lease shall not be subject to termination by Lessor except pursuant to Section 11 hereof upon the occurrence of an Event of Default, or by Lessees except pursuant to Sections 4(a), 9, and 13 hereof.

For the purposes of this Lease, the "Average Date of Acceptance" shall be the first day of the calendar month next succeeding a date determined as follows: the number of Cars accepted by Lessees on each date of acceptance on or prior to the Cutoff date, as and if extended, shall in each case be multiplied by the number of days elapsed subsequent to the date of the acceptance of the first Car accepted; the products so obtained shall be added together and divided by the total number of Cars accepted on or prior to the Cutoff date, as and if extended, on which any of the Cars were accepted; and the quotient so obtained (rounded out to the nearest whole number) will be the number of days elapsed subsequent to the date of the acceptance of the first Car to and including the date which is the Average Date of Acceptance; provided, however, that the Average Date of Acceptance may be such other date as shall be agreed upon in writing by Lessor and Lessees.

SECTION 3. RENTALS. Lessees agree to pay to Lessor, in cash, for the Initial Term of this Lease rental for each of the Cars subject to this Lease at the monthly rate specified for such type of Car on Exhibit A hereof. Such rental shall begin to accrue on the date on which such Car is delivered to and accepted by Lessees hereunder and continuing during the period ending on the earlier of (i) the Initial Term Terminal Day or (ii) the date, if any, on which this Lease shall terminate with respect to such Car pursuant to Sections 4(a), 9, 11 or Section 13(a) hereof.

In the event that Lessees exercise their first right and option to extend the term of this Lease, Lessees agree to pay to Lessor, in cash, during the First Extended Term monthly rental for each of the Cars then subject to this Lease equal to the Fair Rental Value, as hereinafter defined in this Section 3, beginning on the fifteenth anniversary of the Average Date of Acceptance and ending on the earlier of (i) the First Extended Term Terminal Day or (ii) the date, if any, on which this Lease shall terminate with respect to such Car pursuant to Sections 4(a) 9, 11 or Section 13(a) hereof.

In the event that Lessees exercise their second right and option to further extend the term of this Lease, Lessees agree to pay to Lessor, in cash, during the Second Extended Term monthly rental for each of the Cars then subject to this Lease equal to the Fair Rental Value, as hereinafter defined in this Section 3, on the twentieth anniversary of the Average Date of Acceptance beginning on such twentieth anniversary and ending on the earlier of (i) the Second Extended Term Terminal Day or (ii) the date, if any, on which this Lease shall terminate with respect to such Car pursuant to Sections 4(a), 9, 11 or Section 13(a) hereof.

If on or before two months prior to the expiration of the Initial Term or First Extended Term of this Lease, Lessor and Lessees are unable to agree upon a determination of the Fair Rental Value of such Cars, the Fair Rental Value shall be determined by an independent appraiser mutually agreed upon by Lessor and Lessees, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by Lessor, the second by Lessees and the third designated by the first two so selected. The appraiser or appraisers shall be instructed to make such determination within a period of thirty days following appointment and shall promptly communicate such determination in writing to Lessor and Lessees. The determination so made shall be conclusively binding upon both Lessor and Lessees. The expenses and fees of the appraiser or appraisers shall be borne by Lessees.

Fair Rental Value shall mean at any time for the determination thereof an amount determined on the basis of, and equal to, the value which would obtain in any arm's-length transaction under the terms hereof for the applicable period between an informed and willing lessee-user (other than a lessee-user currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

Lessees agree to pay such rental to Lessor as follows: For the calendar month during which a Car is delivered and accepted a daily pro rata rental rate for such Car will be payable from the date of acceptance through the last day of that month on or before the 10th day of the following month and the rental for each succeeding month will be payable on the first business day of the calendar month next succeeding the calendar month in which the rental accrued.

Lessees will pay, to the extent legally enforceable, interest at the rate of 10% per annum upon rentals remaining unpaid after the same shall have become due and payable under any of the provisions of this Lease.

All payments to be made to Lessor shall be made at the office of Lessor at 222 South Riverside Plaza, Chicago, Illinois, 60606, or at such other place or places as shall be directed in writing by Lessor.

SECTION 4. COVENANTS, REPRESENTATIONS AND WARRANTIES.

(a) Lessor represents and warrants that at the time a Car becomes subject to this Lease, Lessor will lawfully have the right to lease such Car hereunder and that such Car will be free and clear of all liens and encumbrances of any nature whatsoever except only the rights of Lessees hereunder and of the holder of any chattel mortgage or conditional sale agreement or of the trustee of an equipment trust or of the holder of any other lien created heretofore or hereafter by the Manufacturer or the Lessor on such Cars and except for liens for taxes, assessments or governmental charges or levies not yet due and delinquent or not yet subject to penalty for non-payment, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other like liens arising in the ordinary course of business and not delinquent (such liens, together with the leasehold and Manufacturer's interest described immediately hereafter, being herein called "Permitted Liens"). Lessor has indicated that Lessor may enter into a transaction whereby Lessor may become Vendee of the Cars pursuant to a Conditional Sales Contract from a Vendor (herein "Vendor"). The interest of such Vendee and Vendor shall constitute a Permitted Lien. Lessor agrees to pay or hold the Lessees harmless from any such Permitted Liens. THE FOREGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES BY LESSOR, WHETHER WRITTEN, ORAL OR IMPLIED INCLUDING WITHOUT LIMITATION ANY WARRANTY

OF MERCHANTABILITY OR FITNESS OF ANY KIND; THE QUIET ENJOYMENT OF THE CARS OR ANY OTHER MATTER WHATSOEVER. ALL SUCH RISKS AS BETWEEN THE LESSOR AND THE LESSEES ARE TO BE BORNE BY THE LESSEES. PROVIDED, HOWEVER, IN THE EVENT THE POSSESSION OF A CAR IS TAKEN FROM LESSEE BY A HOLDER OF A PERMITTED LIEN OR A PERSON CLAIMING THROUGH LESSOR, AS TO SUCH CAR THIS LEASE SHALL TERMINATE AS OF THE DATE OF SUCH TAKING UNLESS LESSEES ARE IN DEFAULT HEREUNDER. The Lessor hereby appoints and constitutes the Lessees its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time in the name and for the account of the Lessor and the Lessees, as their interests may appear, but in all cases at the sole cost and expense of the Lessees, whatever claims and rights Lessor may have against any manufacturers or contractors in respect of the Cars.

(b) Lessees represent and warrant that:

(i) Lessees, George P. Baker, Richard C. Bond and Jervis Langdon, Jr., have been duly appointed as Trustees of the Property of the Railroad by an order of the United States District Court for the Eastern District of Pennsylvania; the appointment of said Trustees has been duly ratified by an order of the Interstate Commerce Commission; and said Trustees are duly vested with the title to the properties of the Railroad and have the power and authority to carry on its business.

(ii) The execution and delivery of this Lease by Lessees and their compliance with the provisions hereof have been duly authorized by an order of said Court; and this Lease is legal, valid, binding and enforceable against Lessees in accordance with its terms.

(iii) The rights of Lessor as herein set forth and the title of Lessor to the Cars are free and clear of the lien, charge or security interest created by any mortgage, security agreement or other instrument binding upon the Railroad or Lessees.

(iv) Except for the authorization by the United States District Court for the Eastern District of Pennsylvania of the execution and delivery of this Lease by the Lessees, no governmental authorizations, approvals or exemptions are required by the Lessees

for the execution and delivery of this Lease or for the validity and enforceability hereof or for the leasing of the Cars hereunder, for the rentals and for the other terms and conditions herein provided; or, if any such authorizations are required, they have been obtained and, if any such authorization shall hereinafter be required, they will be promptly obtained.

(v) No litigation or administrative proceedings are pending or, to the knowledge of Lessees, are threatened against Lessees, the adverse determination of which would affect the validity of this Lease or the rights of Lessor to enforce the provisions hereof.

(vi) Obligations to make rental and other payments under this Lease will constitute expenses of administration of Lessees, payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessees' and, upon occurrence of an Event of Default under this Lease, any claim for damages will constitute an expense of administration.

SECTION 5. OPINIONS OF COUNSEL. Concurrently with the delivery of Certificates of Inspection and Acceptance hereunder, Lessees will deliver to Lessor an opinion of Robert W. Blanchette, Esq., Counsel for Lessees, or an attorney designated by him satisfactory to Lessor, to the effect that (i) Lessees, George P. Baker, Richard C. Bond and Jervis Langdon, Jr. (or any successor or additional Trustees), have been duly appointed as Trustees of the property of the Railroad by an order of the United States District Court for the Eastern District of Pennsylvania; the appointment of said Trustees has been duly ratified by an order of the Interstate Commerce Commission; and said Trustees are duly vested with title to the properties of the Railroad and have the power and authority to carry on its business; (ii) the execution and delivery of this Lease by Lessees and their compliance with the provisions hereof have been duly authorized by an order of said Court; and this Lease is legal, valid, binding and enforceable against Lessees in accordance with its terms; (iii) the rights of Lessor as herein set forth and the title of Lessor to the Cars are free and clear of the lien of any mortgage, security agreement or other instrument binding upon the Railroad or Lessees; (iv) obligations to make rental and other payments under this Lease will constitute expenses of administration of Lessees,

payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessees; and, upon occurrence of any Event of Default under this Lease, any claim for damages will constitute an expense of administration; (v) this Lease has been filed and recorded in such public offices as are necessary for the full protection of the rights of Lessor in the United States of America and in Canada; and (vi) no approval of the Interstate Commerce Commission or any other governmental authority (except the Court in the proceedings for the reorganization of the Railroad) is necessary for the execution and delivery of this Lease, or if any such approval is necessary (specifying the same), that it has been obtained. Counsel for Lessees or attorneys designated by him to deliver such opinion to Lessor may rely upon an opinion of Canadian counsel as to Canadian law or as to matters governed by the laws of any of the United States on opinions of attorneys for Lessees of such jurisdiction who are satisfactory to Lessor.

SECTION 6. IDENTIFICATION MARKS. The Lessees will cause each Car to be kept numbered with the identifying number set forth in Schedule A hereto, or in the case of any Car not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Car, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Car, in letters not less than one inch in height, a name designated by Lessor followed by the words "Agent, Security Owner" and the name of Lessor followed by the word "Lessor" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and any Vendor's title to and property in such Car and the rights of the Lessor under this Lease and of the Vendor under any Conditional Sale Agreement. The Lessees will not place any such Car in operation or exercise any control or dominion over the same until such name and words shall have been so marked on both sides thereof and will replace promptly any such name and words which may be removed, defaced or destroyed. The Lessees will not change the identifying number of any Car except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with any Vendor and the Lessor and filed, recorded and deposited by the Lessees in all public offices where this Lease shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Lessees will not allow the name of any person, association or corporation to be placed on any Car as a designation that might be interpreted as a claim of ownership; provided, however,

that the Lessees may allow the Cars to be lettered with the names or initials or other insignia customarily used by the Lessees or their affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of their rights to use the Cars as permitted under this Lease.

SECTION 7. TAXES. Lessees agree that, during the continuance of this Lease, in addition to the rentals herein provided, Lessees will promptly pay all taxes, assessments and other governmental charges levied or assessed upon or in respect of the Cars, or any thereof, or upon the use or operation thereof or the Lessees earnings arising therefrom, if and to the extent that any such taxes, assessments or other governmental charges may give rise to any lien upon the Cars or may become a claim entitled to priority over any of the rights of Owner or Lessor in and to the Cars, and as additional rental will promptly pay or reimburse Lessor for all taxes, assessments and other governmental charges levied or assessed against Lessor, Owner or any successor in title of either solely on account of ownership of the Cars, or any thereof, or on account of the use or operation thereof or on account of the earnings arising therefrom (exclusive, however, of any tax in the nature of an income tax on the net income from the rentals herein or in any lease between Owner and Lessor) including without limitation all licenses and registration fees, assessments and any sales, use or similar taxes payable on account of the sale or delivery of the Cars by the Manufacturer to Lessor or the leasing of the Cars hereunder; but Lessees shall not be required to pay the same so long as they shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof under thereby, in the judgment of Lessor, the rights or interest of Lessor or Owner will be materially endangered, nor shall Lessees be required to make any tax payment which is deferred by order of a court having jurisdiction, provided that such deferment shall not subject the title and interest of Owner or Lessor in and to the Cars to any lien or encumbrance.

In the event any tax reports are required to be made on the basis of individual Cars, Lessees will either make such reports in such manner as to show the ownership of such Cars by Lessor or Owner or any successor in title or will notify Lessor of such requirement and will make such report in such manner as shall be satisfactory to Lessor. In addition to the above taxes, Lessees shall pay any penalties or interest thereon imposed by any state, federal or local government upon any Car whether or not the same shall be assessed against or in the name of the Lessor or Owner and the Lessees shall reimburse the Lessor for any damages or expenses resulting from such failure to pay or discharge any items to be paid under this Section. Lessees shall be obligated to pay only such taxes, penalties or interest as are levied or assessed during the term of this Lease.

SECTION 7A. INVESTMENT TAX CREDIT INDEMNIFICATION

This Section 7A is written under the assumption that the Owner of the Cars will be the Lessor or its nominee and that as the Owner it will be entitled to and will retain all of the Federal income tax benefits incident to such ownership including, without limitation, the investment tax credit. If Lessor is the Owner, solely for the purpose of interpreting the remainder of this Section 7A, the word "Owner" shall be presumed to mean the "Lessor" and the word "Owner's" shall be presumed to mean the "Lessor's", whenever such words appear in the remainder of this Section 7A. If Lessor's nominee becomes Owner, Lessor shall notify Lessees in writing prior to the acceptance of any Car hereunder.

(a) It is the intent of the parties to this Lease that the Owner shall be considered to be the Owner and original user of all the Cars which are subject to this Lease for all Federal income tax purposes, that the Owner shall be entitled to and shall claim an investment tax credit of seven percent of the Owner's qualified investment in each Car (as explained below) in accordance with the provisions of Section 38 and 46 through 50 of the Internal Revenue Code of 1954, as amended, ("Code"), that the Owner shall be entitled to claim depreciation with respect to each Car by any of the depreciation methods and by using the minimum life provided for Asset Guideline Class 00.25 provided for under Section 167 (m) of the Code, (hereinafter the "ADR Deduction") or any corresponding provision of subsequent law; and the Lessees agree that they will at no time take any action or file any document which is inconsistent with the foregoing intent.

(b) If a determination is made by any Federal court decision (including a decision of the United States Tax Court), or if a determination, which is concurred in by the tax counsel designated as provided in Section 7A(f) hereof, is made by the Internal Revenue Service ("IRS"), either of which determinations is hereinafter referred to as a ("Final Determination"), that, due to any amendment to the provisions of the Code relating to the investment tax credit, the effective date of which is on or before the commencement of the original use of any Car by or on behalf of the Lessor, or due to any act or omission of the Lessees, or due to the use including without limitation use by any governmental body or omission to use any Car during the term of this Lease with respect thereto, the

Owner shall not have or shall lose (by recapture or otherwise) the right to claim, or there shall be disallowed any portion of, the investment tax credit (provided for in Sections 38 and 46 through 50 of the Code, as in effect on the date of this Lease) equal to seven percent of the Owner's "qualified investment" (within the meaning of Section 46(c) of the Code and Sections 1.46-3 and 1.1502-3 of Treasury Income Tax Regulations) (hereinafter called "Qualified Investment") in any Car, because such Car is not "new Section 38 property" (within the meaning of Section 48(b) of the Code) with respect to the Owner at the commencement of the Initial Term as to such Car or because such Car ceases to be "section 38 property" (within the meaning of Section 48(a) of the Code) with respect to the Owner the Lessees shall pay to the Lessor as liquidated damages (for the loss of a bargain and not as a penalty) within thirty days of such Final Determination the amount computed under Section 7A(e) hereof.

(c) The Lessees shall also pay to the Lessor as liquidated damages the amount computed under Section 7A(e) hereof if it is the opinion of the tax counsel designated as provided in Section 7A(f) hereof that due to any amendment after the date hereof to the provisions of the Code relating to the investment tax credit, or due to any act or omission of the Lessees, or due to the use or omission to use any Car during the term of this Lease with respect thereto, the Owner may not reasonably claim an investment tax credit of seven percent of the Owner's Qualified Investment in any Car, or may not reasonably fail to recompute an investment tax credit previously claimed with respect to any Car, because such Car is not "new section 38 property" (within the meaning of Section 48(b) of the Code) with respect to the Owner at the commencement of the Initial Term as to such Car or because such Car ceases to be "section 38 property" (within the meaning of Section 48(a) of the Code) with respect to the Owner. The issuance of the opinion referred to in the preceding sentence of this paragraph shall be considered to be a Final Determination for all purposes of this Section 7A.

(d) Unless the terms of this Lease or any waiver of the terms hereof specifically provide otherwise by express reference to this Section 7A, the obligation of the Lessees under this Section 7A to pay liquidated damages under the circumstances provided for herein shall not be reduced or eliminated, except that (1) the Lessees shall be under no obligation whatsoever to pay any such liquidated damages if a Final Determination results in the Lease or the Lease between the Owner and the Lessor constituting a sale for Federal income tax purposes, (2) the Lessees shall be under no obligation to pay such liquidated damages with respect to any Car for which the Lessees shall pay liquidated damages as provided in Section 9 hereof and (3) the Lessees shall be under no obligation to pay such liquidated damages with respect to any Car to the extent that the Owner, or any affiliated group of which the Owner is a member, would not have obtained a tax benefit from all or any portion of an investment tax credit with respect to such Car due to the failure of the Owner, or any affiliated group of which the Owner is a member, to have sufficient Federal income tax liability.

(e) The liquidated damages attributable to any Final Determination provided for in Section 7A(b) and (c) hereof shall be an amount equal to the sum of:

(1) the quotient of (i) the difference between 7% of the Owner's qualified investment in the Unit, (or the total Investment Credit previously allowed the Owner with respect to such Unit) and the Investment Credits with respect to the Unit which are allowed to the Owner (before taking into account any limitation on the amount of such credit based upon the Owner's Federal Income Tax liability) plus the amount of any Federal tax penalties attributable to any act or omission of the Lessees required to be paid by the Owner divided by (ii) that percentage which is the difference between (A) 100% and (B) the sum of (x) the highest effective Federal income tax and/or excess profits tax rate generally applicable to domestic corporations (including therein the effect of any applicable surtax, surcharge and/or any other federal tax or charge related to net income or excess profits, or related to any tax on net income or excess profits) for the taxable year of the Owner in which the payment of liquidated damages are herein required (hereinafter referred to as the "Federal tax rate") plus (y) the highest effective generally applicable rate of tax imposed by the State of Illinois on net income and/or excess profits of Illinois corporations for the taxable year of the Lessor in which the payment of liquidated damages are herein required multiplied by that percentage which is the difference between 100% and the federal tax rate for such year, plus

(2) the amount of any tax deficiency interest which is required to be paid by the Lessor and is attributable to the period prior to the Lessees' payment to the Lessor of the liquidated damages.

(f) The tax counsel referred to in Section 7A(b) and (c) hereof shall be such tax practitioner as the Lessor and the Lessees shall agree to and designate in writing. However, if the Lessor and the Lessees are unwilling or unable to so agree and designate, such tax counsel shall be such law firm or public accounting firm as the respective public accounting firms retained by the Lessor and the Lessees shall in their sole discretion agree to and designate in writing. The Lessor and the Lessees shall share equally in any expenses, including fees and disbursements, of any such tax counsel so agreed to and designated for the purposes provided in this Section 7A.

(g) In the event that the Owner, or the common parent corporation of any affiliated group of which the Owner is a member, shall commence any law suit in any Federal court (including the United States Tax Court) which, if decided adversely to the Owner or any such common parent corporation, would obligate the Lessees to pay liquidated damages to the Lessor pursuant to Section 7A(b) hereof then, and in any such event, the Lessor shall within forty days of the commencement of such law suit advise the Lessees in writing of the commencement of such suit and shall thereafter keep the Lessees informed as to the progress thereof. The Lessor shall use its best efforts to assure the successful prosecution of any such law suit; and Lessees shall use their best efforts to comply with any reasonable requests made by the Lessor or the Owner for assistance in the prosecution of such suit. The Lessor and the Lessees shall share in the expenses of conducting any such law suit, including the fees and disbursements of any outside counsel and any other costs incurred by the Owner or the Lessees which are directly related to such law suit, in such proportions as the Lessor and the Lessees shall agree upon. However, if the Lessor and the Lessees are unwilling or unable to so agree, such expenses shall be paid by the Lessor and the Lessees in such proportions as shall be deemed equitable in the opinion of the tax counsel designated as provided in Section 7A(f) hereof.

(h) In the event a determination of the specific type described in Section 7A(b) hereof shall have been made by the IRS, except that such determination shall not be a Final Determination by reason that such determination shall not have been concurred in by the tax counsel designated as provided in Section 7A(f) hereof, and in the further event that (1) the Owner, or the common parent corporation of any affiliated group of which the Owner is a member, shall have paid to the IRS the amount of any Federal income tax deficiency and statutory interest thereon attributable to such determination and shall have filed with the IRS a claim for refund of such amount, (2) the IRS shall have failed to refund all or any portion of such amount, (3) the Owner, or any such common parent corporation, shall have commenced a suit in a Federal court for the recovery of the unrefunded portion of such amount, and (4) with respect to such suit such court shall have made a Final Determination as specifically described in Section 7A(b) hereof; then, and in any such eventuality, in addition to the liquidated damages applicable to such Final Determination, the Lessees shall pay to the Lessor within thirty days of such Final Determination an amount equal to interest on the unrefunded portion of such amount computed at the rate of six percent per annum or the effective interest cost to the Lessor, whichever is greater, from the date of said payment of such amount to the IRS to the date of such Final Determination. In no event shall such interest cost exceed 8.875% per annum.

(i) The Lessees' and the Lessor's agreement to pay any sums which may become payable pursuant to this Section 7A shall survive the expiration or other termination of this Lease.

SECTION 7B. ADR TAX INDEMNIFICATION.

(a) If (i) at any time the Lessor shall lose, or shall not have or shall lose the right to claim, or there shall be disallowed with respect to the Lessor, all or any portion of the ADR Deduction provided for in Asset Guideline Class 00.25 with respect to any Car solely as a result of any act or omission of the Lessees or due to the use or omission to use any Car during the term of this Lease with respect thereto, representations and warranties of the Lessees or (ii) at any time prior to the commencement of the original use of any Car by or on behalf of the Lessor there shall have been enacted any amendment to the Internal Revenue Code of 1954, as amended, which would operate to reduce or eliminate the ADR Deduction with respect to any Car then the rental rate applicable to such Car set forth in Section 3 of this Lease shall, on and after the next succeeding rental date after written notice to the Lessees by the Lessor of the occurrence of any such event, be increased by such amount for such Car which will cause the Lessor's net return over the term of the Lease in respect of such Car to equal the net return that would have been available if such event had not occurred and the Lessee shall forthwith pay to the Lessor the amount of any interest which may be assessed by the United States against the Lessor attributable to the occurrence of such event and which had been paid by the Lessor.

(b) The rental rate under this Section 7B(a) shall not be so adjusted if the Lessor shall have lost, or shall not have, or shall have lost the right to claim, or if there shall have been disallowed with respect to the Lessor, all or any portion of such ADR Deduction with respect to such Car as a direct result of any of the events specified in Section 7A(d), or the Lessor's failure to take timely action in contesting a claim made by the Internal Revenue Service with respect to the disallowance of such ADR Deduction if the failure to take such action in a timely manner shall have precluded the right of the Lessees to contest such claim, or the Lessor's failure to take action to contest any such claim after a timely request to conduct such contest has been given by the Lessees to the Lessor (provided that the Lessees shall have upon demand of the Lessor paid to the Lessor the reasonable expenses of any such contest as a condition of prosecuting the same), or as a direct result of the release, waiver, compromise or settlement by the Lessor of any action or proceeding to contest any such claim without the prior written consent of the Lessees, which consent shall not be unreasonably withheld.

(c) In the event a claim shall be made by the Internal Revenue Service with respect to the disallowance of all or any part of the Lessor's ADR Deduction in respect to any Car for any of the reasons specified in Section 7B(a), the Lessor agrees to take such action in connection with contesting such claim as the Lessees shall reasonably request from time to time, provided, however, that: (i) within 30 days after notice by the Lessor to the Lessees of such claim, the Lessees shall make request that such claim be contested; (ii) the Lessor, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such claim and may, at its sole option, either pay (in which event the additional rentals provided for in Section 7B(a) shall commence on the next succeeding rental payment date) the tax claimed and sue for a refund in the appropriate United States District Court and/or the United States Court of Claims, as the Lessor shall elect, or contest such claim in the Tax Court of the United States, considering, however, in good faith such request as the Lessees shall make concerning the most appropriate forum in which to proceed; (iii) prior to taking such action, the Lessees shall have furnished the Lessor with an opinion of independent tax counsel reasonably satisfactory to the Lessor to the effect that a meritorious defense exists to such claim; and (iv) the Lessees shall have indemnified the Lessor in a manner reasonably satisfactory to it for any liability or loss which the Lessor may incur as the result of contesting such claim and shall have agreed to pay the Lessor on demand all costs and expenses which the Lessor may reasonably incur in connection with contesting such claim, including, without limitation (A) reasonable attorneys' and accountants' fees and disbursements and (B) the amount of any interest or penalty which may ultimately be payable to the United States Government as the result of contesting such claim, and the Lessees shall have furnished reasonable security for such indemnification as may be requested. In the case of any such claim by the Internal Revenue Service referred to above, the Lessor agrees promptly to notify the Lessees in writing of such claim and agrees not to make payment of the tax claimed for at least 30 days after the giving of such notice and agrees to give to the Lessees any relevant information relating to such claim which may be particularly within the knowledge of the Lessor, and shall otherwise cooperate with the Lessees in good faith in order to effectively contest any such claim. The Lessor will not agree to the release, compromise or settlement of any action or proceeding taken in accordance with this Section 7B by the Lessor without the prior written consent of the Lessees.

(d) If the Lessor's right to claim such portion of the ADR Deduction with respect to a Car, which was not claimed or was disallowed, shall be established by the final judgment or decree of the court or administrative agency having jurisdiction thereof, or if the Lessor shall release, waive, compromise or settle any claim without the written consent of the Lessees, then, on the

next succeeding rental payment date thereafter, or after such judgment or decree shall have become final, as the case may be, the rental rate in respect of such Car set forth in Section 3 of this Lease shall again become applicable to such Car and the Lessor shall forthwith upon demand of the Lessees reimburse Lessees in an amount equal to the excess, if any, of (i) the sum of (A) the difference between the increased rental paid by the Lessees with respect to such Car pursuant to this Section 7B(a) and the rental rate applicable to such Car pursuant to Section 3 of this Lease and (B) any interest paid by the Lessees to the Lessor pursuant to this Section 7B(a) over (ii) the difference between (A) an amount equal to interest at the rate of 8.875% per annum on the amount of any federal income tax paid by the Lessor on account of the disallowance or inability to claim the ADR Deduction on such Car computed, on a diminishing balance basis reflecting Lessees' payments of increased rental, from the date of Lessor's payment of such tax to the date of the refund thereof, and (b) the amount of any interest to which the Lessor would be entitled in connection with the refund of any tax paid on account of such disallowance or inability to claim; provided, however, that if the amount calculated in accordance with clause (ii) exceeds the amount calculated in accordance with clause (i), the Lessees shall pay such excess to the Lessor promptly on demand.

(e) The Lessees' and the Lessor's agreement to pay any sums which may become payable pursuant to this Section 7B shall survive the expiration or other termination of this Lease.

SECTION 8. MAINTENANCE, LIENS, AND INSURANCE.

(a) Lessor makes no warranty or representation, either expressed or implied in respect of the Cars, including without limitation, any warranty or representation as to the fitness, design or condition of, or as to the quality of the material, equipment or workmanship in, the Cars delivered to Lessees hereunder, it being agreed that all such risks, as between Lessor and Lessees, are to be borne by Lessees.

(b) Lessees agree, during the continuance of this Lease, at Lessees' own cost and expense, to maintain and keep all of the Cars in first class condition and repair and in good and efficient working order, reasonable wear and tear excepted, and acceptable for use in unrestricted interchange and the Cars shall be delivered to Lessor at termination of the Lease in such condition. Said maintenance shall include but not be limited to maintenance of all interior devices, existing in said Cars at time of delivery and the cost of which is included in the base price of such Cars as set forth in Exhibit A hereto, in good working order and operating condition and the maintenance of the interior lining of the Cars in condition appropriate for the service to which the Cars may be assigned, including corrosive material service if the Cars are assigned to such service.

(c) Except for alterations or changes required by law, all of which Lessees agree to make, Lessees shall not, without the prior written approval of Lessor, effect any permanent structural change in the design, construction or body of the Cars or appurtenances thereto. With respect to alterations and changes required by law, (including, but not limited to the interchange rules of the Association of American Railroads all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Cars) Lessees shall schedule and provide for compliance during the original term of this Lease at such time or times as the Cars shall receive shop repair.

(d) Any parts installed or replacements made by Lessees upon any Car shall be considered accessions to such Car and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor except that this shall not apply to special equipment installed in any Car by Lessees with the consent of Lessor provided that such equipment is removed by Lessees before the Cars are returned to Lessor and all damage resulting from such installation and removal is repaired by Lessees and further provided that removal of such equipment does not affect the Cars' serviceability or use in unrestricted interchange.

(e) Lessees shall pay or satisfy and discharge any and all sums claimed by any party against Lessees which, if unpaid, might become a lien or a charge upon the Cars or entitled to priority over any of the rights of Lessor in and to the Cars, but Lessees shall not be required to discharge any such claim so long as they shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which, in the opinion of Lessor, will not affect or endanger the title and interest of Lessor in and to the Cars.

(f) Lessees shall, at their own cost and expense insure each Car from time of delivery and acceptance thereof and at all times thereafter until Lessees' obligations under this Lease with respect to such Car have been discharged, against loss, damage or destruction thereof caused by fire, lightning, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion, such insurance, in the case of each Car, to be in an amount satisfactory to Lessor, except that such coverage may be limited so that no loss (1) amounting to less than \$2,500 per Car or (2) amounting to more than \$250,000 per occurrence, shall be payable from insurance proceeds. All such insurance shall be taken for the benefit of Lessor, the holders of Permitted Liens designated by Lessor and Lessees, as their respective interests may appear, in an insurance company or companies satisfactory to Lessor. Such policy or policies shall insure the respective interests of Lessor, holders of Permitted Liens designated by Lessor and Lessees in the Cars and shall provide that the proceeds of such insurance shall be payable to Lessor. All insurance proceeds received by Lessor with respect to any Car shall

(i) be paid to Lessees, in the case of repairable damage to such Car or Cars, upon receipt by Lessor from Lessees of proof in duplicate satisfactory to Lessor of the proper repair of such damage; or

(ii) be applied by Lessor, in the case of the loss, destruction or damage beyond repair of such Car or Cars, towards the satisfaction of Lessees' obligation to make the payment required by Section 9 hereof.

(g) All such policies required above shall contain a provision to the effect that the insurer will give Lessor thirty (30) days prior written notice before cancellation or modification of any such policy is effective.

(h) In the event Lessees are notified that Lessor has assigned this Lease and/or the rentals payable hereunder, or created a Permitted Lien Lessees shall provide insurance containing loss payable clauses satisfactory to both Lessor, the assignee of Lessor and Owner or the holder of the Permitted Lien designated by Lessor. The Lessees shall furnish Lessor or Lessor's assignee or the holder of the Permitted Lien designated by Lessor with certificates or other satisfactory evidence of the maintenance of the insurance required hereunder.

(i) Except as provided in paragraph (j) of this Section 8, the proceeds of any insurance received by Lessor

on account of or for any loss or casualty shall be released to Lessees upon a written application signed by one of Lessees or by a person designated by Lessees for the payment of, or to reimburse Lessees for, the cost of repairing the Cars which have been damaged. Such application shall be accompanied by satisfactory evidence of the cost and satisfactory completion of such repair. If an Event of Default has occurred and is continuing hereunder, such proceeds may be applied at Lessor's option, against any liability of Lessees to Lessor hereunder.

(j) The proceeds of any insurance received by Lessor on account of a lost, stolen, destroyed or damaged Car in respect of which Lessees shall have made payment to Lessor pursuant to Section 9 hereof, shall be released to Lessees upon a written application signed by one of Lessees or a person duly authorized by the Lessees, provided, however, that if an Event of Default has occurred and is continuing hereunder, such proceeds may be applied by Lessor against any liability of Lessees to Lessor hereunder.

SECTION 9. LOSS, THEFT OR DESTRUCTION OF CAR. In the event any Car is lost or stolen or is destroyed or damaged beyond economic repair from any cause whatsoever during the term of this Lease, Lessees shall promptly and fully inform Lessor of such occurrence and shall, within thirty (30) days after such occurrence, pay to Lessor, as liquidated damages in lieu of any further claim of Lessor hereunder in respect of such Car, except for accrued rent and such claims as arise or exist under Sections 7 and 8 hereof the higher of:

(i) the present worth, as hereinafter defined, of the total remaining rental for such Car plus the Net Scrap Value, as hereinafter defined, for such Car; or

(ii) a sum equal to the amount determined in accordance with the then current Code of Rules Governing the Settlement for Destroyed or Damaged Cars adopted by the Association of American Railroads, (regardless of inapplicability of such rules due to loss or destruction on lines of Lessees)

The present worth of the total remaining rental for such Car as used in paragraph (i) of this Section 9 shall mean an amount equal to such rental discounted on a 7 1/4% per annum basis compounded monthly from the date of such payments to the Terminal Day as defined in Section 2 hereof.

The Net Scrap Value of each Car shall mean an amount in cash equal to the current quoted price per gross ton of No. 1 Heavy Railroad Melting Steel Scrap, prevailing at Pittsburgh, Pennsylvania, as published in Iron Age or other reputable industrial journals, on the first day of the month preceding the month in which payment of such Net Scrap Value is required to be made, multiplied by the weight of the Car in tons at completion of manufacture, as set forth in Exhibit A.

In no event under this section shall the Lessees be required to pay as the present worth of the remaining rental an amount in excess of 110% of the price of the Car as shown on Exhibit A.

This Lease shall continue in full force and effect irrespective of the cause, place or extent of any damage, loss or destruction of any of the Cars, the risk of which shall be borne by Lessees; provided, however, that this Lease shall terminate with respect to any Car which is lost, stolen, destroyed or damaged beyond repair, on the date Lessor shall receive payment of the amount required to be paid to it on account of such Car under this Section 9.

SECTION 10. COMPLIANCE WITH LAWS AND RULES; INDEMNIFICATION. Lessees agree to comply in all respects with all laws of the jurisdictions in which their operations involving the Cars may extend and with all lawful rules of the Federal Railroad Administration and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over Lessees or over the Cars, to the extent that such laws and rules affect the operation, maintenance or use of the Cars. In the event such laws or rules require the alteration of the Cars, Lessees will conform therewith, at Lessees' expense, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that Lessees may, in good faith, contest the validity and application of any such law or rule in any reasonable manner which does not, in the opinion of Lessor, adversely affect the property or rights of Lessor as owner hereunder.

Lessees hereby agree to indemnify, reimburse and hold Lessor and Owner harmless from any and all claims, demands, suits, judgments or causes of action for or on account of injury to or death of persons, or loss or damage to property which may result from or grow in any manner out of the control, use or operation of the Cars under this Lease whether or not in the possession of Lessees, provided, however, that Lessees do not assume liability in respect of representatives, agents or employees of the Manufacturer or Lessor, or Owner and provided, further that Lessor and Owner will assign or pay over to Lessees any and all claims which it may have against third parties in respect of loss or damage to the Cars if Lessees are not in default under this Lease.

SECTION 11. DEFAULT. If, during the continuance of this Lease or any extension thereof, one or more of the following events shall occur:

(a) default shall be made in the payment of any part of the rental provided in Section 3 hereof and such default shall continue for five (5) days after written notice from Lessor to Lessees;

(b) Lessees shall make or suffer any unauthorized assignment or transfer of this Lease or of possession of the Cars or any of them except for the requisitioning, taking over or nationalizing described in Section 17 of this Lease and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Car or Cars within thirty (30) days after written notice from Lessor to Lessees demanding such cancellation and recovery of possession;

(c) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of Lessees contained herein and such default shall continue for thirty (30) days after written notice from Lessor to Lessees specifying the default and demanding the same to be remedied;

(d) any material representation made by Lessees herein or hereunder or in any certificate or other instrument delivered under or pursuant to any provision hereof shall prove to have been false or incorrect in any material respect on the date as of which made;

(e) the order dated June 4, 1973, of the United States District Court for the Eastern District of Pennsylvania in the pending proceedings for the reorganization of the Railroad, authorizing the execution and delivery of this Lease by Lessees and their undertaking of the obligations, duties and liabilities hereof, shall be reversed, modified, amended or superseded in any material respect which might adversely affect any of the rights, powers, privileges and remedies of the Lessor under this Lease or of any assignee of the Lessor's right, title and interest in and under this Lease, and the order effecting such reversal, amendment, modification or superseding of said order shall not have been vacated or set aside or stayed within sixty (60) days from the date of entry thereof;

(f) a plan of reorganization of the Railroad is approved by the Court in the pending proceedings for the reorganization of the Railroad and said plan does not provide for the assumption by the Reorganized Company as hereinafter defined of each and every obligation of Lessees under this Lease in form and substance satisfactory to Lessor;

(g) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, or any other provisions of such act or similar act shall be filed by or against any Reorganized Company as hereinafter defined and all the obligations of Lessees under this Lease shall not have been duly assumed by a trustee or trustees appointed in such proceedings or otherwise given the same status as obligations assumed by such a trustee or trustees within thirty (30) days after such appointment if any, or sixty (60) days after such petition shall have been filed, whichever shall be earlier; or

(h) any proceedings shall be commenced by or against any Reorganized Company as hereinafter defined for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder), and all the obligations of Lessees under this Lease shall not have been duly assumed by a trustee or trustees or receiver or receivers appointed for such Reorganized Company or for its property in connection with any such proceedings or otherwise given the same status as obligations assumed by such a trustee or trustees or receiver or receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case (herein sometimes called Events of Default), Lessor, at its option, may

(1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by Lessees of the applicable covenants of this Lease or to recover damages for the breach thereof; and or

(2) by notice in writing to Lessees terminate this Lease, whereupon all right of Lessees to the use of the Cars shall absolutely cease and determine as though this Lease had never been made, but

Lessees shall remain liable as herein provided; and thereupon Lessees shall deliver possession of the Cars to Lessor in accordance with Section 15 hereof and Lessor may by its agents enter upon the premises of Lessees or other premises where any of the Cars may be and take possession of all or any of such Cars (damages occasioned by such taking of possession are hereby expressly waived by Lessees) and thenceforth hold, possess and enjoy the same free from any right of Lessees, or Lessees' successors or assigns, to use the Cars for any purpose whatever; but Lessor shall nevertheless, have a right to recover from Lessees any and all amounts which under the terms of this Lease may be then due or which may become due and unpaid for the use of the Cars (including rentals accruing on the Cars after the date of default); and also to recover forthwith from Lessees (to the extent not recovered pursuant to the foregoing) the following:

(i) as damages for loss of the bargain and not as a penalty, a sum, with respect to Cars whose term has not expired, which represents the excess of the present worth, at the time of such termination, of the aggregate of the rentals for the Cars which would otherwise have accrued hereunder from the date of such termination to the Terminal Day of the then current term over the then present worth of the Fair Rental Value of such Cars for such period; plus interest on such excess at the rate of 10% per annum commencing on the date of such notice.

(ii) any expenses incurred in the retaking, storage repairing and lease, sale or other disposition, and reasonable attorneys' fees incurred by Lessor, plus an amount equal to accrued taxes and other amounts payable hereunder by Lessees with respect to the Cars all costs, expenses, losses and damages incurred or sustained by Lessor by reason of such default, and interest at the rate of 10% per annum on each of the foregoing items in this subparagraph (ii) and on all other sums not paid when due under this Lease, plus

(iii) an amount which, after deduction of all taxes required to be paid by the Lessor in respect of the receipt thereof under the laws of the United States of America or any political subdivision thereof, shall be equal to any portion of the seven percent investment tax credit as heretofore defined in Section 7A with respect to the Purchase Price of the Units

which was lost, not claimed, not available for claim, disallowed or recaptured by or from the Lessor as a result of the breach of one or more of the representations, warranties and covenants made by the Lessees in Section 7A or any other provision of the Lease or the sale or other disposition of the Lessor's interest in any Unit after the occurrence of an Event of Default, plus such additional sum as in the reasonable opinion of the Lessor will cause the present value of the Lessor's net return under this Lease to be equal to the present value of the net return that would have been available to the Lessor if it had been entitled to utilization of all or such portion of the maximum ADR Deduction (as heretofore defined in Section 7A) with respect to a Unit authorized under Section 167 of the Internal Revenue Code utilizing the "class life" prescribed in accordance with Section 167 (m) of said Code and Asset Guideline Class 00.25 prescribed thereunder in Revenue Procedure 72-10 which was lost, not claimed, not available for claim or disallowed or recaptured in respect of a Unit as a result of the breach of one or more of the representations, warranties and covenants made by the Lessees in Section 7B or any other provisions of this Lease, the termination of this Lease, the Lessees' loss of the right to use such Unit, or the sale or other disposition of the Lessor's interest in such Unit after the occurrence of an Event of Default. For purposes of this Section 11, present value shall be computed on a basis of a 8 3/4% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated.

If on the date of such termination or repossession, any Car is damaged, lost, stolen or destroyed or is subject to any levy, seizure, assignment, application or sale for or by any creditor, Lessees shall also remain liable for payment of the amounts specified in Section 9 hereof.

The remedies in this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor

existing at law or in equity. Lessees hereby waive any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. No delay or omission of Lessor in the exercise of any power or remedy given herein shall be deemed a waiver of such power or remedy. In the event that Lessor shall bring suit and be entitled to judgment hereunder, then Lessor shall be entitled to recover reasonable expenses, including attorneys' fees and the amount thereof shall be included in such judgment.

SECTION 12. POSSESSION AND USE OF THE CARS

POSSESSION AND USE OF THE CARS. Except as provided in Section 13, unless an Event of Default shall have occurred and be continuing, Lessees shall be entitled to the possession and use of the Cars in accordance with the terms of this Lease. Lessees shall not, without the prior written consent of Lessor, part with the possession or control of, or suffer or allow to pass out of their possession or control, any of the Cars, except that Lessees may permit the use thereof or any part thereof by other railroads in the usual interchange of traffic.

SECTION 13. ASSIGNMENT.

(a) All rights, benefits and advantages of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, or Lessor may sell the Cars and Lease the Cars, or lease the Cars from Owner, thereby making this Lease a Sublease, either in whole or in part, and/or Lessor may assign, pledge, mortgage, transfer or otherwise dispose of title to the Cars, with or without notice to Lessee. In the event of any such assignment, pledge, mortgage, transfer or other disposition, this Lease and all of Lessees' rights under this Lease, and all rights of any person, firm or corporation who claims or who may hereafter claim any rights under this Lease under or through Lessees, are hereby made subject and subordinate to the terms, covenants and conditions of any chattel mortgages, conditional sale agreements, agreements and assignments, and/or equipment trust agreements or sales and leasebacks, or lease covering the Cars or any of them heretofore or hereafter created and entered into by Lessor, its successors or assigns, and to all of the rights of any such chattel mortgagee, assignee, trustee Lessor or other holder of the legal title to the cars. Any assignment or transfer of Lessees' leasehold interest hereunder in the Cars and possession thereof permitted by this Section 13 that is made by Lessees, their successors or assigns, shall contain language which expressly makes such sublease subject to the subordination.

contained in this Subsection 13 (a). Provided Lessees are not in default under this Lease if Lessees right to use the Cars or any of them is terminated by any person, firm or corporation to whom Lessees' rights are subordinated under the terms of this section, Lessees shall have no obligation to pay rent for such Cars after the date of such termination. At the request of Lessor or any chattel mortgagee, assignee, trustee, Lessor or other holder of the legal title to the Cars, Lessees shall cause the Cars be lettered or marked to identify the legal owner of the Cars at no expense to Lessor for the initial markings at the time of delivery of the Cars, thereafter such additional markings shall be at no expense to Lessees. If during the continuance of this Lease any such marking shall at any time be removed or become illegible, wholly or in part, Lessees shall immediately cause such marking to be restored or replaced, at Lessees' expense. No such assignment by Lessor shall subject any assignee to or relieve Lessor from any obligation of Lessor hereunder or affect the rights of Lessees under this section.

(b) Except to the extent that the provisions of any mortgage now or hereafter created on any of the lines of railroad of Lessees or any other liens authorized by the Court in the proceedings for the reorganization of the Railroad may subject such leasehold interest to the lien thereof, Lessees, without the prior written consent of Lessor, shall not sell, assign, transfer or encumber their leasehold interest under this Lease in any of the Cars or sublet any of Cars, except that Lessees may assign and transfer their leasehold interest hereunder in the Cars and the possession thereof to any railroad or other Corporation which shall have assumed all of the obligations of Lessees hereunder, provided no such assignment without the consent of Lessor shall release any of Lessees' obligations hereunder. Any assignment prohibited by this Section 13 shall be void.

(c) Nothing in this Section 13 shall be deemed to limit the right of Lessees to assign and transfer Lessees' leasehold interest hereunder in the Cars and the possession thereof to a Reorganized Company (as hereinafter defined), or to a governmental agency empowered to acquire railroad equipment provided that all the obligations then existing or to accrue to Lessees under this Lease shall be assumed as a general obligation by such Reorganized Company or governmental agency, and in such event, the obligations of the Trustees as Lessees under the terms of this Lease shall terminate as to any obligation accruing or arising subsequent to such assignment or transfer.

(d) After any assignment and transfer of Lessees' leasehold interest hereunder in the Cars and the possession thereof as above permitted, nothing in this Section 13 shall be deemed to limit the right of the Reorganized Company (as

hereinafter defined) as successor to Lessees, at any time further to assign and transfer their leasehold interest hereunder in the Cars and the possession thereof to any successor which shall have assumed all of the obligations hereunder of Lessees and into or with which such Reorganized Company shall have merged or consolidated or which shall have acquired all or substantially all of the property of such Reorganized Company; nor shall anything in this Section 13 be deemed to limit such successive assignments and transfers.

(e) The term "Reorganized Company" shall mean any corporation (which may be the Railroad) or governmental agency which acquires a substantial portion of the lines of railroad comprised in the Railroad's estate and thereafter shall include any successor which shall have become such in compliance with paragraph (d) of this Section 13.

(f) The term "Lessees" whenever used in this Lease means George P. Baker, Richard C. Bond and Jervis Langdon, Jr. Trustees of the property of the Railroad, as well as any successor or additional trustees of such property, before any assignment and transfer of Lessees' leasehold interest hereunder in the Cars and the possession thereof to a Reorganized Company or governmental agency as hereinbefore provided in this Section 13 and thereafter shall mean any Reorganized Company or governmental agency.

(g) The liabilities and obligations of said Trustees, George P. Baker, Richard C. Bond, and Jervis Langdon, Jr. as well as of any successor or additional trustees, under and in respect of this Lease, are the liabilities of such Trustees, or any or all of them, solely as trustees of the property of the Railroad, and not individually. Said Trustees and any successor or additional trustees shall not be relieved of their liabilities or obligations as such Trustees under or in respect of this Lease, except upon any assignment and transfer of Lessees' leasehold interest hereunder in the Cars and the possession thereof to a Reorganized Company or governmental agency as hereinbefore provided in this Section 13. Lessor may assign its right in whole or in part under this Lease without the consent of Lessees, but Lessees shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from Lessor. Upon notice to the Lessees of any such assignment, the rent and other sums payable by the Lessees which are the subject matter of the assignment shall be paid to the assignee. Without limiting the foregoing, the Lessees further acknowledge and agree that (i) subject to the provisions of Sections 4(a), 9, and 13(a) hereof

the rights of any such assignee in and to the sums payable by the Lessees under any provisions of this Lease either payable or for period after the date of such assignment shall not be subject to any abatement whatsoever, and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever whether by reason of or defect in Lessor's title, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessees or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of the assignee, the Lessees shall be unconditionally and absolutely obligated to pay the assignee all of the rents and other sums which are the subject matter of the assignment and (ii) the assignee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor. Nothing provided in (i) or (ii) above shall affect or limit any liability of Lessor to Lessees under the terms of this Lease.

SECTION 14. REPORTS, RIGHT TO INSPECT THE CARS.

(a) During the continuance of this Lease, Lessees agree that they and their agents, employees and representatives will cooperate with Lessor in the investigation and defense of any and all claims against the Lessor which may arise as a result of the alleged or apparent improper manufacturing, functioning or operation of any of the Cars and that they will aid in the recovery of damages from any third parties responsible therefore. Lessees also agree to give Lessor such information with respect to any accident resulting from the use of the Cars as may be reasonably requested by the Lessor.

(b) During the continuance of this Lease, Lessees will, as soon after the close of each fiscal year of Lessees as practicable, furnish to Lessor in duplicate copies of Lessees' most recent financial reports, including Lessees' most recent annual report and/or balance sheet and profit and loss statement, certified by either a recognized firm of Certified Public Accountants, or by the chief financial officer designated by Lessees. Interim statements, so certified, will be furnished by Lessees as requested by Lessor.

(c) During the term hereof, Lessees will furnish to Lessor, on or before April 1 in each year (commencing with the year 1974) and on such other dates as Lessor may from time to time reasonably request, an accurate report certified

by a duly authorized agent of Lessees or officer of the Railroad stating as of a recent date (but, in the case of each annual statement, not earlier than the preceding December 31 and in the case of any other such statement, not earlier than a date ninety (90) days preceding the date of such statement): (a) (i) Lessees' car numbers of the Cars then subject to this Lease, (ii) Lessees' car numbers of all Cars that have become worn out, lost, destroyed, irreparably damaged or rendered permanently unfit for use since the date of the previous report (or since the date hereof in the case of the first such report), (iii) Lessees' car numbers of all Cars being repaired or awaiting repairs, and (iv) Lessees' car numbers of all Cars that have been requisitioned, taken over or nationalized by any governmental authority since the date of the previous report (or since the date hereof in the case of the first such report) (b) that all Cars then subject to the Lease have been maintained in accordance with Subsection 8 (b) hereof or, if such be the case, are then being repaired in accordance with Section 8 hereof, and that the legend placed on the Cars as required by Section 6 hereof has been preserved or repainted on each side of each Car and that Lessees' identifying reporting mark and the appropriate car numbers have been preserved or repainted on each side of each Car as required by Section 6 hereof; and (c) such other information regarding the location, condition and state of repair of the Cars as Lessor may reasonably request.

(d) Lessor and/or its assignee shall have the right at its sole cost and expense, by its authorized agents, employees and/or representatives, to inspect the Cars and Lessees' records with respect thereto, at such times and from time to time during the continuance of this Lease as may be reasonably necessary to confirm to the satisfaction of Lessor and/or its assignee the existence and proper maintenance of the Cars; provided, however, that notwithstanding any contrary provision hereof, Lessees do not assume liability for injury to, or the death of, any agents, employees and/or representatives of Lessor or other persons while exercising any right of Lessor and/or its assignee under this Subsection 14 (d).

SECTION 15. RETURN OF CARS. Upon the expiration of the term of this Lease, or if Lessor shall rightfully demand possession of the Cars pursuant to this Lease, or otherwise Lessees shall forthwith remove or cause any lettering of the names or initials or other insignia customarily used by Lessees to be removed from the Cars at their cost and expense and deliver the possession of the Cars to Lessor. For such

purpose Lessees shall at their own cost and expense forthwith assemble the Cars and place them upon such storage tracks of Lessees as Lessor may designate, or, in the absence of such designation, as Lessees may select, and Lessees shall permit Lessor to store said Cars on such tracks for a period not exceeding one hundred (100) days from the date that all Cars are so assembled at the risk of Lessor, and shall at Lessees own cost and expense transport or cause to be transported the same or any thereof, at any time within such one hundred (100) day period, to Lessor's facility in Chicago Ridge, Illinois or to any place selected by Lessor provided Lessee shall pay no part of the transportation expenses which exceed the cost of returning the Cars to Lessor's place of business in Chicago Ridge, Illinois, or to any place or places on the lines of Railroad designated by them or to any connecting carrier for shipment all as directed by Lessor. The assembling, delivery, storage and transporting of the Cars as hereinabove provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises Lessor shall be entitled to a decree against Lessees so as to assemble, deliver, store and transport the Cars. Lessor reserves the right to designate different places of assembly for different Cars.

Without in any way limiting the obligation of Lessees under the foregoing provisions of this Section 15, Lessees hereby irrevocably appoint Lessor as the agent and attorney of Lessees, with full power and authority, at any time while Lessees are obligated to deliver possession of any Car to Lessor, to demand and take possession of such Car in the name and behalf of Lessees from whomsoever shall be at the time in possession of such Car.

Except as otherwise provided in Sections 4(a), 9 or 13(a) hereof, in the event that any Car or Cars subject to this Lease are not redelivered to Lessor on or before the date on which the term of this Lease expires, all of the obligations of Lessees under this Lease with respect to such Car or Cars shall remain in full force and effect until such Car or Cars are redelivered to Lessor.

SECTION 16, PURCHASE OPTIONS. Provided that this Lease has not been earlier terminated and Lessees are not in default hereunder, Lessees may by written notice delivered to Lessor not less than six months prior to the end of the Initial

Term, or the First Extended Term or the Second Extended Term of this Lease, elect to purchase all of the Cars then covered by this Lease at the end of such term or extension of this Lease for a purchase price equal to the Fair Market Value of such Cars as of the end of such term or extension.

If on or before four months prior to the Initial Term Terminal Day or the termination of any extension of the Lease, Lessor and Lessees are unable to agree upon a determination of the Fair Market Value of the Cars, the Fair Market Value shall be determined by an appraiser or appraisers under the same procedures as are set forth in Section 3 hereof.

Fair Market Value shall mean at any time for the determination thereof an amount determined on the basis of, and equal to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a Lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

SECTION 17. GOVERNMENTAL ACTION. If any Car is requisitioned, taken over or nationalized by any governmental authority under the power of eminent domain or otherwise during the term of this Lease and all of the obligations of the Lessees hereunder are not assumed by such governmental authority within 60 days after such nationalization, Lessor shall be entitled to the full amount of any award or recovery for such occurrence and Lessees hereby expressly waive any right or claim to any part of such award or recovery as damages, or otherwise, and at the end of such 60 day period Lessees shall pay the Lessor a sum computed as though such Cars taken had been lost, stolen or destroyed under the provisions of Section 9 hereof. To the extent that Lessor is paid any amount under this Section by Lessees, Lessor will pay to Lessees the amount of such award or recovery for such Cars received from any such governmental authority.

SECTION 18. MODIFICATION OF LEASE. This lease exclusively and completely states the rights of the Lessor and Lessees with respect to the Cars. No modification, variation, termination, discharge or abandonment hereof and no waiver of any of the provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of Lessor and Lessees, or the successors, transferees or assigns of either subject, however, to the limitations on assignment hereof by Lessees.

SECTION 19. ASSIGNMENT OF RENTS. The Lessees hereby assign to Lessor all of their right, title and interest in and to any present and future Lease or sub-lease or earnings (including without limitation mileage allowances) with respect to the Cars including their right to receive all payments due and to become due hereunder. Notwithstanding the above, until such time as there exists a default under this Lease by Lessees, Lessor hereby appoints Lessees Lessor's agents to collect such rentals and Lessees shall be entitled to retain, use and enjoy the same. This Assignment of rentals is made for the purpose of securing the performance of Lessees' obligations hereunder.

SECTION 20. SECTION HEADINGS AND CERTAIN REFERENCES. All section headings are inserted for convenience only and shall not affect any construction or interpretation of this Lease. Unless otherwise indicated, all references herein to sections, subsections, clauses and other subdivisions refer to the corresponding sections, subsections, clauses and other subdivisions of this Lease; the words "herein", "hereof", "hereby", "hereto", "hereunder", and words of similar import refer to this Lease as a whole and not to any particular section, subsection, clause or other subdivision hereof; and reference to a numbered or lettered subdivision of a section shall include relevant matter within the section which is applicable to but not within such numbered or lettered subdivision.

SECTION 21. CERTAIN APPLICABLE LAWS. Any provision of this Lease prohibited by or unlawful or unenforceable under any applicable law of any jurisdiction shall as to such jurisdiction be ineffective without modifying the remaining provisions of this Lease. Where, however, the provisions of any such applicable law may be waived, they are hereby waived by Lessees to the full extent permitted by law, to the end that this Lease shall be deemed to be a valid, binding agreement enforceable in accordance with its terms.

SECTION 22. 360 DAY YEAR. Computations hereunder involving the determination of interest or discount shall be made on the basis of a 360-day year of twelve 30-day months.

SECTION 23. NOTICES. All demands, notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered

or delivered to a United States post office, first-class postage prepaid, or to a telegraph office, charges prepaid, addressed as follows:

If to the Lessor:

North American Car Corporation
222 South Riverside Plaza
Chicago, Illinois 60606
Attention : Vice President-Finance

If to the Lessees:

Trustees of the Property of
Penn Central Transportation Company, Debtor
Room 1334, Six Penn Center Plaza
Philadelphia, Pennsylvania 19104
Attention Treasurer

or to such other addresses as may hereafter be furnished in writing by either party to the other.

SECTION 24. GOVERNING LAW. The provisions of this Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Illinois.

SECTION 25. SURVIVAL OF COVENANTS. Any other provisions contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of Section 7, 10, 11, 13 and 15 hereof shall survive the expiration or termination hereof.

SECTION 26. SUCCESSORS AND ASSIGNS. Subject to the provisions of Section 13, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessees and their respective successors and assigns, and no other persons shall have or acquire any right under or by virtue of this Lease.

SECTION 27. EXECUTION IN COUNTERPARTS. This Lease may be executed simultaneously in several counterparts, each of which so executed shall be deemed to be an original, and all such counterparts together shall constitute but one and the same instrument.

SECTION 28. RECORDING. Lessees, without expense to Lessor, will cause this Lease and all amendments, supplements and assignments hereof or thereof, to be duly filed and recorded and re-filed and re-recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and this Lease to be deposited with the Registrar General of Canada in accordance with Section 86 of the Railway Act (a notice of such deposit to be given in the "Canada Gazette" pursuant to said Section 86). Lessees agree to make such other filings as may be required to perfect and protect the ownership of Lessor and the security interest of holders of a Permitted Lien in the Province of Ontario, Canada and will make such additional filings as may be required so that at all times the ownership of Lessor and the security interest of holders of any "Permitted Lien" shall be perfected and protected as to not less than 95% of the Cars whether the failure to perfect and protect the ownership interest or that of the holder of a Permitted Lien as to all of the Cars results from the use of the Cars outside of the United States and the Province of Ontario or otherwise, and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register, or re-record whenever required) any and all further instruments required by law or reasonably requested by Lessor for the purposes of protecting the Lessor's or Owner's title under a leaseback arrangement or any mortgagee's security interest constituting a Permitted Lien in the Cars to the satisfaction of Lessor or any such Lessor's or such Permitted Lien holders' counsel or for the purpose of carrying out the intent of this lease and in connection with any such action will deliver to Lessor proof of such filings and an opinion of the Lessees' counsel that such action has been properly taken. The Lessees will pay all costs, charges and expenses incident to any such filing, re-filing, registering, re-registering, recording and re-recording of any such instruments or incident to the taking of such action. Lessees will promptly furnish to Lessor certificates or other evidences of such filing and recording and re-filing and re-recording and an opinion satisfactory to Lessor of Counsel for Lessees, or an attorney designated by him satisfactory to Lessor, with respect thereto. In addition, Lessees shall do and perform all such other acts as may be required by law, or reasonably requested by Lessor, for the protection of Lessor's title to and interest in the Cars.

SECTION 29. OTHER EQUIPMENT LEASES AND SECURED OBLIGATIONS. Lessees agree that, during the continuance of this Lease, Lessees will not assume or enter into any other leases of rolling stock, equipment trust agreements, conditional sale agreements or other liabilities or obligations in connection with the leasing or financing or the acquisition of rolling stock (i) if such liabilities or obligations would be entitled, directly or indirectly, to any priority in right of payment over the obligations of Lessees under this Lease, or (ii) if such

liabilities or obligations would be secured, directly or indirectly, by any mortgage, lien or other security interest in property of the Railroad or Lessees (except the rolling stock involved in the particular transaction) unless the obligations of Lessees under this Lease are equally and ratably secured thereby.

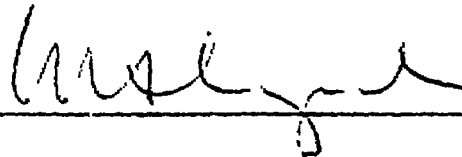
SECTION 30. CUMULATIVE REMEDIES. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessees hereby waive any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies, herein provided, to the extent that such waiver is permitted by law. The Lessees hereby waive any and all existing or future claims of any right to assert any off-set against the rent payments due hereunder, and agree to make the rent payments regardless of any off-set or claim which may be asserted by the Lessees on their behalf in connection with the lease of the Cars.

SECTION 31. LESSOR'S FAILURE TO EXERCISE RIGHTS. The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

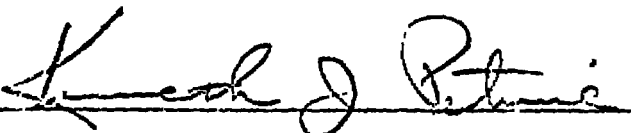
SECTION 32. LESSOR APPOINTED LESSEES' AGENT. Without in any way limiting the obligations of the Lessees under the foregoing provisions of Section 15 hereof, the Lessees hereby irrevocably appoint the Lessor as the agent and attorney of Lessees, with full power and authority, at any time while the Lessees are obligated to deliver possession of any Cars to Lessor, to demand and take possession of such Cars in the name and on behalf of Lessees from whosoever shall be at the time in possession of such Cars.

IN WITNESS WHEREOF, Lessor has caused this Lease to be executed in its corporate name, by one of its officers thereunto duly authorized and its corporate seal to be hereunto affixed and duly attested; and Lessees have caused this Lease to be executed.

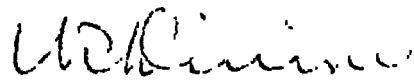
NORTH AMERICAN CAR CORPORATION

By 


ATTEST:


Secretary.

GEORGE P. BAKER, RICHARD C. BOND
and JERVIS LANGDON, JR., TRUSTEES OF
THE PROPERTY OF PENN CENTRAL
TRANSPORTATION COMPANY, DEBTOR

By 
WITNESS

WITNESS:


ASSISTANT SECRETARY

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this _____ day of _____, 1973, before me personally appeared _____, to me personally known who, being by me duly sworn, said that he is a _____ of North American Car Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation this day by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

COMMONWEALTH OF PENNSYLVANIA)
) SS
COUNTY OF PHILADELPHIA)

On this 22nd day of June, 1973, before me personally appeared W. R. Gayton, to me personally known, who being by me duly sworn said that he is VICE-PRESIDENT of the Trustees of the property of Penn Central Transportation Company, Debtor, that the foregoing instrument was signed by him this day on behalf of and by authority of the Trustees of the property of Penn Central Transportation Company, Debtor, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Trustees.

Charles E. Cassel
Notary Public

Notary Public, Philadelphia, Philadelphia Co.
My Commission Expires July 14, 1975

EXHIBIT A

<u>Description of Cars</u>	<u>No. of Cars</u>	<u>Weight Per Car</u>	<u>Specifications</u>	<u>Base Price Per Car</u>	<u>Initial Term Monthly Rental</u>
60'9", 100-ton box cars with cushion underframe, 21 DF-1 belt rails	184 Numbered PC 281400 through PC 281583, both inclusive	40 tons	Manufacturer's Specifications 3175	\$25,446.84	\$256.21
60'9" 100-ton box cars with cushion underframe 9 DF-1 belt rails	58 Numbered PC 281584 through PC 281641	40 tons	Manufacturer's Specifications 3175	24,421.84	245.89
60'9" 100-ton box cars with cushion underframe, portable adjustable bulkhead, 4 rub rails	35 Numbered PC 220224 through PC 220258, both inclusive	40 tons	Manufacturer's Specifications 3175	25,293.84	254.67
100-ton 4750 cubic foot covered hopper cars	300 Numbered PC 890501 through PC 890800, both inclusive	30 tons	Manufacturer's Specifications 3164	19,201.25	193.33

EXHIBIT B

CERTIFICATE OF INSPECTION AND ACCEPTANCE

The undersigned, the duly authorized representative of North American Car Corporation, (Lessor), and of George P. Baker, Richard C. Bond and Jervis Langdon, Jr. Trustees of the property of Penn Central Transportation Company, Debtor, (Lessees), hereby certifies with respect to _____ Cars, manufactured by Pullman, Incorporated _____, (Manufacturer), bearing the identifying reporting marks PC and numbered as follows:

pursuant to the Lease of Railroad Equipment, dated _____ 1973, between Lessor and Lessees (the Lease)

1. that during the manufacture of said cars by the Manufacturer he, either personally or through qualified inspectors working under his supervision, inspected, in accordance with inspection and testing practices and methods which in his opinion are adequate for the protection of Lessor and Lessees, the materials and other components which were incorporated in, and the construction of, said cars;

2. that the materials and other components incorporated in, and the construction of, said cars comply fully, with, and said cars have been completed in full accordance with, the Specifications referred to in the Lease;

3. that said cars have been delivered in good order and ready for service by the Manufacturer to the Lessor and, on behalf of the Lessor to Lessees, at _____ and were accepted by the undersigned on this date on behalf of Lessor and Lessees, in accordance with the provisions of the Lease;

4. that there was plainly, distinctly, and conspicuously placed upon each side of each such cars at the time of its delivery and acceptance a legend bearing the following words in letters not less than one inch in height:

"NORTH AMERICAN CAR CORPORATION, LESSOR
AGENT, SECURITY OWNER"

5. that the execution of this Certificate on behalf of the Lessor and the Lessees shall not diminish or otherwise affect the Warranty Rights of the Lessor or the Lessees against the manufacturer or the maker of any of the component parts of the Cars.

Dated _____, 1973.

Duly Authorized Representative of
North American Car Corporation and
of George P. Baker, Richard C. Bond,
and Jervis Langdon, Jr., Trustees
of the property of Penn Central Trans-
portation Company, Debtor

EXHIBIT C

SUPPLEMENT DATED RAILROAD EQUIPMENT DATED AMERICAN CAR CORPORATION, Lessor to GEORGE P. BAKER, RICHARD C. BOND, and JERVIS LANGDON, JR. TRUSTEES OF THE PROPERTY OF PENN CENTRAL TRANSPORTATION COMPANY, DEBTOR, Lessees.	TO LEASE OF FROM NORTH
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Lessor and Lessees agree that the Cars, as defined below, are the only cars subject to the Lease and that all other cars described in the Lease are hereby deleted therefrom.

Lessor and Lessees hereby confirm that the below described _____ (the Cars) manufactured by Pullman, Incorporated (Manufacturer) for sale to Lessor were delivered to Lessees on or before the date hereof:

Lessor and Lessees confirm that the Cars were inspected by duly appointed and authorized representatives of Lessor and Lessees in accordance with Section 1 of the aforesaid Lease of Railroad Equipment. Such inspection showed (a) that the Cars have been constructed in accordance with the Specifications, all applicable Federal Railroad Administration requirements and all standards recommended by the Association of American Railroads and (b) that there was plainly, distinctly, permanently and conspicuously placed upon each side of each Car a legend on which plainly and conspicuously appear the following words in letters not less than one inch in height:

"NORTH AMERICAN CAR CORPORATION, LESSOR
AGENT, SECURITY OWNER"

and that each side of each Car was plainly and distinctly marked with the Railroad's Road Number set forth above with respect thereto.

Lessor and Lessees confirm that on the aforesaid notices of delivery the Cars were duly accepted by a representative of Lessor and Lessees in accordance with Section 1 of the Lease of Railroad Equipment subject to the terms and conditions of the aforesaid lease of Railroad Equipment, including the payment of the rentals provided for therein with respect to the Cars to Lessor.

IN WITNESS WHEREOF, Lessor has caused this Supplement to be executed in its corporate name, by one of its officers thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, and Lessees have caused this Supplement to be executed on their behalf, on the day and year first above written.

NORTH AMERICAN CAR CORPORATION

By _____

ATTEST:

Assistant Secretary

GEORGE P. BAKER, RICHARD C. BOND
AND JERVIS LANGDON, JR., TRUSTEES
OF THE PROPERTY OF PENN CENTRAL
TRANSPORTATION COMPANY, DEBTOR

By _____

WITNESS:

Assistant Secretary

AMENDMENT TO LEASE OF RAILROAD EQUIPMENT

This amendment dated _____, 1973 to Lease of Railroad Equipment dated June 22, 1973 (hereinafter called "Lease") between North American Car Corporation, a corporation of the State of Delaware, (hereinafter called "Lessor"), and George P. Baker, Richard C. Bond and Jervis Langdon, Jr., Trustees of the property of Penn Central Transportation Company, Debtor, and the successors of said Trustees, or of any of them, (hereinafter called "Lessees"),

WITNESSETH:

WHEREAS, Lessor and Lessees have entered into the Lease; and

WHEREAS, Lessor and Lessees have agreed to change the description of equipment covered by the Lease;

NOW, THEREFORE, Exhibit A to the amendment is hereby substituted for Exhibit A to the Lease.

IN WITNESS WHEREOF, Lessor has caused this Lease to be executed in its corporate name, by one of its officers thereunto duly authorized and its corporate seal to be hereunto affixed and duly attested, and Lessees have caused this Lease to be executed.

NORTH AMERICAN CAR CORPORATION

By _____

ATTEST:

Secretary

GEORGE P. BAKER, RICHARD C. BOND
and JERVIS LANGDON, JR., TRUSTEES
OF THE PROPERTY OF PENN CENTRAL
TRANSPORTATION COMPANY, DEBTOR

By _____

WITNESS:

Assistant Secretary

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

On this day of , 1973, before
me personally appeared , to me
personally known who, being by me duly sworn, said that he is
a of North American Car Corporation,
that the seal affixed to the foregoing instrument is the corporate
seal of said Corporation, that said instrument was signed and
sealed on behalf of said Corporation this day by authority of its
Board of Directors and he acknowledged that the execution of the
foregoing instrument was the free act and deed of said
Corporation.

Notary Public

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF PHILADELPHIA)

On this day of , 1973, before
me personally appeared , to me
personally known, who being by me duly sworn said that he is
 of the Trustees of the property of Penn
Central Transportation Company, Debtor, that the foregoing in-
strument was signed by him this day on behalf of and by authority
of the Trustees of the property of Penn Central Transportation
Company, Debtor, and he acknowledged that the execution of the
foregoing instrument was the free act and deed of said Trustees.

Notary Public

EXHIBIT A

<u>Description of Cars</u>	<u>No. of Cars</u>	<u>Weight Per Car</u>	<u>Specifications</u>	<u>Base Price Per Car</u>	<u>Initial Term Monthly Rental</u>
60'9", 100-ton box cars with cushion underframe, 21 DF-1 belt rails	202 Numbered PC 281400 through PC 281601, both inclusive	40 tons	Manufacturer's Specifications 3175	\$25,446.84	\$256.21
60'9" 100-ton box cars with cushion underframe 9 DF-1 belt rails	34 Numbered PC 281602 through PC 281635	40 tons	Manufacturer's Specifications 3175	24,421.84	245.89
60'9" 100-ton box cars with cushion underframe, portable adjustable bulk- head, 4 rub rails	41 Numbered PC 220225 through PC 220265, both inclusive	40 tons	Manufacturer's Specifications 3175	25,293.84	254.67
100-ton 4750 cubic foot covered hopper cars	300 Numbered PC 890501 through PC 890800, both inclusive	30 tons	Manufacturer's Specifications 3164	19,201.25	193.33

PARTIAL ASSIGNMENT

ASSIGNMENT OF LEASE AND AGREEMENT dated as of September 1, 1973 (hereinafter called "This Assignment"), by and between NORTH AMERICAN CAR CORPORATION (hereinafter called the Lessor or the Vendee) and THE FIRST PENNSYLVANIA BANKING AND TRUST COMPANY, as Agent under a Finance Agreement dated the date hereof (hereinafter called the Vendor).

WHEREAS, the Vendee is entering into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Security Document), with PULLMAN INCORPORATED (Pullman Standard division) (hereinafter called the Builder) providing for the sale to the Vendee of such units of railroad equipment (hereinafter called the Units) described in Schedule A thereto as are delivered to and accepted by the Vendee thereunder; and

WHEREAS, the Lessor and George P. Baker, Richard C. Bond and Jervis Langdon, Jr., Trustees of the property of PENN CENTRAL TRANSPORTATION COMPANY (such Trustees together with their successors and assigns being hereinafter collectively called the Lessee) have entered into a Lease of Railroad Equipment dated June 22, 1973, as amended (hereinafter called the Lease), providing for the leasing by the Lessor to the Lessee of the Units and other railroad equipment; and

WHEREAS, in order to provide security for the obligations of the Lessor under the Security Document and as an inducement to the Vendor to invest in the Conditional Sale Indebtedness (as that term is defined in the Security Document), the Lessor has agreed to assign for security purposes part of its rights in, to and under the Lease to the Vendor;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. Subject to the provisions of Paragraph 11 and 12 hereof, the Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the Lessor's obligations under the Security Document, all the Lessor's right, title and interest, powers, privileges, and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the Payments), and the right to make all waivers and agreements, to give all notices,

consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all sums to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Vendor agrees to accept all Payments received from the Lessee pursuant to the Lease. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the Security Document. So long as no event of default (or event which, with notice or lapse of time, or both, could constitute an event of default) under the Security Document shall have occurred and be continuing, any balance may be paid to and retained by the Lessor. So long as no event of default (or event which, with notice or lapse of time, or both, could constitute an event of default) under the Security Document shall have occurred and be continuing, any regularly scheduled monthly rentals payable by the Lessee prior to May 1, 1974, pursuant to Section 3 of the Lease and received by the Vendor prior to such date may be paid to and retained by the Lessor.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify, the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. To protect the security afforded by this Assignment the Lessor agrees as follows:

(a) The Lessor will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Lessor agrees that any

amendment, modification or termination thereof without such consent shall be void.

(b) At the Lessor's sole cost and expense, the Lessor will appear in and defend every action or proceeding arising under, growing out of or in any manner connected with the obligations, duties or liabilities of the Lessor under the Lease.

(c) Should the Lessor fail to make any payment or to do any act which this Assignment requires the Lessor to make or do, then the Vendor, but without obligation so to do, after first making written demand upon the Lessor and affording the Lessor a reasonable period of time within which to make such payment or do such act, but without releasing the Lessor from any obligation hereunder, may make or do the same in such manner and to such extent as the Vendor may deem necessary to protect the security hereof, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Vendor, and also the right to perform and discharge each and every obligation, covenant and agreement of the Lessor contained in the Lease; and in exercising any such powers, the Vendor may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Lessor will reimburse the Vendor for such costs, expenses and fees.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Lessor's obligations under the Security Document, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor.

6. If an event of default under the Security Document shall occur and be continuing, the Vendor may declare all sums secured hereby immediately due and payable and may apply all such sums against the amounts due and payable under the Security Document.

7. The Lessor will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Vendor in order to confirm or further assure, the interests of the Vendor hereunder.

8. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

9. This Assignment shall be governed by the laws of the State of Illinois, but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

10. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Article 22 of the Security Document, or at such other address as the Vendor shall designate.

11. The Vendor hereby agrees with the Lessor that the Vendor will not, so long as no event of default under the Security Document has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the Lessor to the Vendor by this Assignment.

12. This Assignment is a partial assignment only and covers all the Lessor's rights, powers, privileges, authorizations and benefits under the Lease with respect to the leasing of the Units but not with respect to the leasing of any other railroad equipment subject to the Lease.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

THE FIRST PENNSYLVANIA BANKING
AND TRUST COMPANY

as Agent

[CORPORATE SEAL]

By _____
Vice President

Attest:

Assistant Secretary

NORTH AMERICAN CAR CORPORATION

[CORPORATE SEAL]

By _____
Vice President

Attest:

Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA)
) ss.:
 COUNTY OF PHILADELPHIA)

On this day of , 1973, before me
 personally appeared to me personally known,
 who, being by me duly sworn, says that he is a Vice President of
 THE FIRST PENNSYLVANIA BANKING AND TRUST COMPANY, that the seal
 affixed to the foregoing instrument is the corporate seal of said
 corporation, that said instrument was signed and sealed on behalf
 of said corporation by authority of its Board of Directors and he
 acknowledged that the execution of the foregoing instrument was
 the free act and deed of said corporation.

 Notary Public

[NOTARIAL SEAL]

My Commission expires

STATE OF ILLINOIS)
) ss.:
 COUNTY OF COOK)

On this day of , 1973, before me
 personally appeared to me
 personally known, who, being by me duly sworn, says that he is a
 Vice President of NORTH AMERICAN CAR CORPORATION, that one of the
 seals affixed to the foregoing instrument is the corporate seal
 of said corporation, that said instrument was signed and sealed
 on behalf of said corporation by authority of its Board of
 Directors and he acknowledged that the execution of the foregoing
 instrument was the free act and deed of said corporation.

 Notary Public

[NOTARIAL SEAL]

My Commission expires

ACKNOWLEDGEMENT OF NOTICE OF ASSIGNMENT

Receipt of a copy of, and due notice of the partial assignment made by, the foregoing Assignment of Lease and Agreement is hereby acknowledged as of September 1, 1973.

**GEORGE P. BAKER, RICHARD C. BOND AND JERVIS LANGDON, Jr.,
TRUSTEES OF THE PROPERTY OF
PENN CENTRAL TRANSPORTATION COMPANY**

By _____
Vice President

WITNESS:

Assistant Secretary